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WEEKEND NOVEMBER 2/NOVEMBER 3 1996

Rwandan troops 'help Tutsi rebels in fight for Goma'

Rwandan troops entered the eastern Zaire town of Goma to assist Tutsi rebels fighting to capture it, diplomats said. Bukavu, capital of South Kivu province, was reported to have fallen to the rebels. The conflict pits ethnic Tutsis against the Zairean government and Hutu refugees, some of whom were involved in the 1994 genocide in Rwanda of up to 1m Tutsis. Page 3; The dinosaur at bay, Page 9

Germany attacks French budget plans Germany criticised Paris's plan to use FF37.5bn (\$7.5bn) pension fund transfers from France Telecom to reduce its budget deficit to qualify for a single European currency. Page 24

Telekom looks at further listings Deutsche Telekom may seek to list on the Singapore and Hong Kong stock exchanges following its initial public offerings in Tokyo, Frankfurt and New York later this month. Page 3

Lloyd's Names warned to cut risks Lloyd's Names, whose private wealth is used to support the London insurance market, should reduce the risks they are willing to underwrite next year, a leading members' group warned. Page 4

Forex company broke undertaking A Geneva-based company solicited a British resident to engage in high-risk currency trading after assuring the Securities and Investments Board that it would not do so. Page 4

Bangladesh acts against child labour A ban on the use of child labour in Bangladesh's thriving garment industry came into force after intense pressure from the US and the International Labour Organisation. The move deals a severe blow to the country's exports. Page 24

UK stocks lower after turbulent week The UK stock market ended a turbulent week with the FTSE 100 index at 3,948.5, 30.6 points down on the day and 73.9 points down on the week. The Footsie started trading at a firm 3,983.2, but a stronger-than-expected UK purchasing managers index prompted a reversal in its early advance. The US non-farm payrolls report met with expectations and briefly reduced the decline until a jump in US factory orders hit the Treasury bond market and US equities and acted as a signal for a sell-off in London. London stocks, Page 21; World stocks, Page 19; Markets, Weekend FT Page XXIV

SBC Warburg beats US rivals in Japan European investment bank SBC Warburg was appointed foreign bookrunner for a ¥210bn (\$1.5bn) convertible issue by Japan's Fuji Bank, breaking the grip of US investment banks on this sector. Page 6

China seeks to speed WTO talks China announced a standstill on new trade measures inconsistent with international fair trade rules in an apparent bid to speed its negotiations to join the World Trade Organisation. Page 3

Russian banks accused Russia's banks are using dirty tricks in an effort to force the government to ease its inflation-fighting policies, but they must stay on course, finance minister Alexander Livshits said. Page 2

Profits hit at Japan oil groups Interim profits fell at Cosmo Oil and Mitsubishi Oil, two of Japan's top 12 distributors, partly because of rising crude oil costs. Page 5; Scott Pickford approached by three buyers, Page 6

Ex-Sri Lanka president dies Former Sri Lanka president Junius Jayewardene, who ruled the country from 1977 to 1988, died aged 80. Obituary, Page 3

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BT set to buy MCI for \$22bn

By Nicholas Denton in London and John Authers in New York

British Telecommunications is set to acquire the 80 per cent of MCI it does not own after the US long-distance carrier said yesterday it was in talks on a "possible combination" of the two companies.

The expected purchase price of \$40 per share would value the transaction at \$22bn and represents one of the largest ever transatlantic acquisitions. The merged company, with a market capitalisation of about \$44bn, would also be the third

Deal would create world's third largest telecoms group

largest telecoms group, behind AT&T of the US and NTT of Japan.

Concert, the joint venture between the two companies, is expected to be folded into the merged entity. BT and MCI's example would put pressure on other global alliances such as Global One - the grouping of Deutsche Telekom, France Telecom and Sprint - to solidify their links.

media company controlled by Mr Rupert Murdoch, which would raise competition issues because of the alliance between BT and News Corporation in the UK.

Indications that a deal was imminent came in early trading in MCI's shares on the Nasdaq exchange yesterday. Shares jumped 8% to \$31 before they were suspended at 1.30pm New York time.

As the CNBC television news network began to carry reports that MCI would announce a deal, the company put out a statement confirming that it was in discussions and expected to conclude negotiations during the weekend.

MCI said: "There can be no assurance that any agreement will be entered into or that any transaction would be consummated." But it said it would make an announcement today or tomorrow.

The two sides are believed to have planned an announcement on Monday, but were caught by surprise by the leak to Wall Street. BT's board was last night meeting to discuss the company's reaction.

BT first acquired a 20 per cent stake in MCI in 1994, paying \$4bn for its interest. At the same time it set up Concert - in which BT took a 75.1 per cent stake - to provide seamless international telecoms services to international clients.

Although Concert has worked more effectively than some other global alliances, tensions with MCI management led BT to seek fuller control. The deal took on new urgency after the collapse of BT's merger negotiations with Cable and Wireless last May. The main perceived obstacle was US legislation which sets limits on foreign ownership of telecommunications and media companies. But it is thought the Federal Communications Commission has indicated the rule on foreign ownership could be relaxed.

Lex, Page 24

US jobs rise gives Clinton 'perfect' end to campaign

By Michael Prowse in Washington

A modest rise in employment, keeping the US jobless rate steady at 5.2 per cent last month, provided President Bill Clinton with a seemingly perfect economic backdrop yesterday for Tuesday's election.

The Labor Department said non-farm employment rose by 210,000 last month, more than making up for a decline of 35,000 in September. Since Mr Clinton's "retired-the-Whites" House 10m jobs have been created - more than he promised while campaigning in 1992.

The jobs figures were welcomed on financial markets as signalling a "Goldilocks economy" - one that is neither too hot nor too cold.

Mr Clinton's campaign is benefiting from economic growth sufficient to keep the jobless rate close to its lowest level for a generation, yet not fast enough to alarm bond investors or put upward pressure on inflation.

Figures earlier this week showed a decline in growth to an annualised rate of 2.2 per cent in the third quarter, less than half the 4.7 per cent of the second quarter. This prompted Mr Bob Dole, the Republican presidential candidate who is trailing badly in the polls, to warn voters that bad times were just around the corner.

There are some worries. Consumer spending growth has stalled in recent months, reflecting high levels of consumer debt. Corporate stocks of unsold goods are rising. On Wall Street some analysts warn that slower growth of corporate profits could soon undermine the stock market, which has soared during the Clinton presidency.

The Dow Jones Industrial Average is hovering at about 6,000 compared with 3,200 when Mr Clinton was elected.

But the majority view is the one recently expressed by Mr Lawrence Summers, the deputy Treasury secretary. Using

a golfing analogy, he said the US economy was in the centre of the fairway, equally distant from the rough of high unemployment and the rough of high inflation.

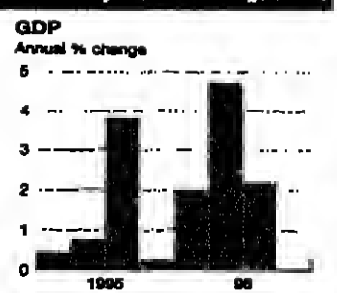
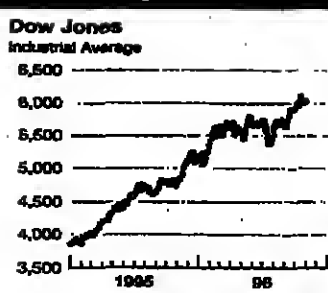
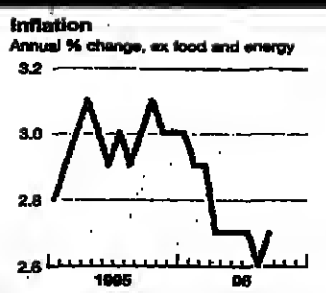
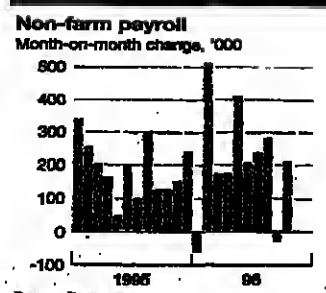
Economists have been repeatedly surprised by the lack of upward pressure on prices in spite of a fall in the jobless rate to well below the 6 per cent often regarded as a threshold for accelerating inflation. Bond prices surged this week when figures showed a slight fall in the most recent quarter in growth of wage and benefit costs.

The core rate of consumer price inflation - which excludes the volatile components of food and energy - is running at 2.7 per cent, compared with about 3 per cent a year ago.

The benign economic

Continued on Page 24
Loser in Massachusetts, Page 3; Editorial Comment, Page 8; Natural born campaigner, Page 9; Currencies, Page 10; World stocks, Page 19

Clinton benefits from higher employment, lower inflation, a booming stock market and steady economic growth



Justice, but there's a catch

By John Fiddling in Hong Kong

Mrs Tam Yuk-ha, a Hong Kong fishmonger, has created a troublesome legal precedent - to be guilty in English but innocent in Chinese.

Initially fined HK\$3,000 (\$380) for breaching council laws by putting tables outside her shop, Mrs Tam was acquitted on appeal this week after a high court judge cited differences in the English and Chinese versions of the law.

As Hong Kong hurries to translate legislation ahead of next year's return to Chinese sovereignty, the fishmonger's escape highlights the pitfalls involved and the loopholes which may be exploited. "Justice is blind, but here it is proving a little tongue-tied as well," said one local lawyer.

Although legal department officials decline to discuss details of the verdict because they are considering an appeal, Mrs Tam seems to have been let off the hook because of a less stringent version of the Chinese version of the law.

Whereas the English text stated that "no alteration or addition which would result in a material deviation" could be undertaken concerning the shop, the translation appeared to refer to physical alterations to the premises. Hence outside tables were out in English, but not in Chinese.

While Mrs Tam's victory is the first setback to be suffered in the translation task, it is unlikely to be the last. "No translation is perfect," said the government's legal department. "And there are bound to be ambiguities, particularly when you are translating from English to Chinese."

Part of the problem is the scale of the task. Since 1989, the Legislative Council, the territory's legislature, has passed laws in Chinese and English. But there are about 20,000 pages of legislation which require translation by next July's transfer.

After a translation is prepared by the government's legal department, it is passed to the Bilingual Laws Advisory Committee, a body of lawyers, linguists, legal academics and members of the Legislative Council. It is then approved by the government. "The basis of the problem is the ambition to translate all the legislation within a very few years," said Mrs Margaret Ng, chairman of Legco's justice and legal services panel. "It is being done too quickly, so you can't expect to meet the right standards."

STOCK MARKET INDICES			
FTSE 100	3,948.5	(-30.8)	
Yield	3.97		
FTSE Eurostoxx 100	1,748.29	(+17.7)	
FTSE All-Share	1,948.82	(+2.7)	
Nikkei	20,833.08	(+182.2)	
New York S&P 500	703.96	(-1.21)	
Dow Jones Ind Av	6,020.44	(-8.9)	
S & P Composite	703.96	(-1.21)	
LONDON MONEY			
3-mo Interbank	6.5%	(same)	
Life long gilt rate	Dec 1995	(108.5)	
US LUNCHTIME RATES			
Federal Funds	5 1/2%		
3-m Treasury Bill	Yield	5.14%	
Long Bond	Yield	10 1/2	
Yield	6.65%		
NORTH SEA OIL (Aargus)			
Brent Dated	222.225	(22.63)	
GOLD			
New York Comex (Dec)	375.1		
London	377.25	(78.8)	
STERLING			
New York lunchtime	1.8385		
London	1.8376 (1.8294)		
DM	2.4683 (2.4641)		
FFr	3.3982 (3.2182)		
Sfr	2.0822 (2.0497)		
Y	185.000 (185.214)		
E index	90.9 (90.2)		
DOLLAR			
New York lunchtime	DM 1.5178		
FFr	5.1148		
Sfr	1.5886		
Y	113.246		
London	DM 1.5195 (1.5132)		
FFr	5.123 (5.1082)		
Sfr	1.5715 (1.2587)		
Y	113.28 (113.74)		
S index	87.0 (87.1)		
Tokyo	Y 114.10		

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NEWS: EUROPE

Russian banks accused over reforms

By Christia Freeland and Andrew Gowers in Moscow

Russia's beleaguered banks are using dirty tricks and open lobbying in an effort to force the government to ease its inflation-fighting fiscal and monetary policies, but the reform team is determined to stay the course, according to Mr Alexander Livshits, finance minister.

"The neo-inflationary pressure in Russia is higher than ever before. It is purely ideological, it has no connection with any political parties, it is just to defend economic interests," he said.

In an interview, Mr Livshits said many Russian commercial banks and other financial structures that had emerged in a period of runaway inflation were finding it difficult to survive now that inflation had been pushed down to less than 2 per cent a month.

Entrepreneurs had mounted a massive campaign to bring back easy money, which had included strategic publication of documents leaked from the ministry of finance and speculation in Russian newspapers about corruption in the central bank.

"[Mr Sergei] Dubinin [chairman of the central bank] and I are the biggest targets because we are fighting for low inflation," Mr Livshits said. But he vowed that no matter how strong the pressure, the government would remain firm. "I tell them [the lobbyists] to look beyond their own noses."

Other senior officials said the government's financial stabilisation efforts were already bolstering confidence in the Russian economy and could soon spark economic growth.

deputy governor of the central bank, said that inflows of foreign capital into Russia were running at about \$1bn a month and that domestic savings had increased by 4.6 per cent in recent months.

He said government statistics, which still present a bleak picture of a contracting economy, failed to reflect the vigorous emergence of the private sector.

In Soviet times companies over-reported their output. But firms are now interested in reducing their reported output and profits to reduce taxes.

But Russia's economic

heli-men agreed that feeble tax collection, which forced a delay in the IMF lending programme last month, threatened to undermine the prospects for growth.

"The budget is one of the pillars of the state as a legal system and a power structure. That is why any country which does not collect taxes cannot be considered to have a government," Mr Aleksashenko said. "We have no choice but to raise revenue."

But the cabinet believes it is slowly winning the battle to boost tax collection and that improved revenues in

the last two weeks of October will convince the IMF to release the suspended monthly tranche of its \$10.2bn loan to Russia.

Mr Livshits said: "I told the IMF [in October] that I would have done the same thing. It is not pleasant to say so, but they were right. But when the mission comes here in November the result will be different."

He said mid-October had been "the peak of the financial crisis". Revenues had perked up later in the month and, overall, tax collection had been higher in October than in September.

Yugoslav Socialists poised for victory in tomorrow's poll

War a forgotten issue in Serbia

By Laura Silber in Belgrade

Plunging the country into poverty and isolation and abandoning brethren in a neighbouring country to their fate might seem electoral suicide, but not in Serb-led Yugoslavia. There, the Socialists of President Slobodan Milosevic of Serbia and their communist allies are poised for victory in tomorrow's election.

To thunderous applause, a confident Mr Milosevic heralded the unification of "progressive leftist forces and democratic parties in the interest of our country" at the final rally of the coalition of ruling Socialists, the Yugoslav United Left and New Democracy.

Belgrade's main evening news, for years Mr Milosevic's mouthpiece, also hailed the achievements of his party.

As usual, there was scant mention of the four-party opposition coalition Zajedno (Together), which managed to patch up their differences to unite shortly before the campaign ended.

Campaigning for the lower chamber of the 138-seat federal parliament, the republic assembly of Montenegro, and local elections in Serbia has reflected deep divisions among Yugoslavia's 10m people.



Slobodan Milosevic: no longer mentions the word 'Serb'

Mr Milosevic, who rose to power by stoking a nationalist frenzy that destroyed the old Yugoslavia, has abandoned his nationalist rhetoric. In fact, he no longer mentions the word "Serb". In its place he lauds the Serbian left's "historic victory over hatred, violence and conservatism".

But neither side mentions the war in Bosnia. For Mr

Milosevic there is no looking back. He refuses to acknowledge his failure to create a Greater Serbia. The nationalist opposition also feels no responsibility for the war and fears it will be attacked for warmongering if it raises the issue of the loss of Bosnian Serb territory.

Instead, the opposition accuses the west of supporting Mr Milosevic, who is

regarded by western diplomats as a pillar of the peace process.

Mr Milosevic needs a majority in the federal parliament to make changes in the constitution of Yugoslavia, now comprised of Serbia and Montenegro. Next year he will complete two terms as president of Serbia, and is expected to become leader of Serb-led Yugoslavia.

He wants to make this latter post the most powerful one in the country and for this he will need to change the constitution.

The success of Mr Milosevic's coalition will be helped by the six-year boycott of official institutions in Serbia by ethnic Albanians in the province of Kosovo. In Montenegro, Mr Milosevic's allies are expected to win easily over an opposition which favours the republic's independence.

But Mr Milosevic's promise of "peace and security" and a "sure step into the new century" contrasts starkly with the grim realities of life in Yugoslavia.

Hardly anyone has bothered to talk seriously about the country's woeful economy, which has been ruined by the cost of waging war and nearly four years of sanctions.

French police take hard line on burger beef

By David Owen in Paris

For at least the past 20 years the French have had an ambivalent attitude toward American food. Although many are bappy enough these days to visit their local McDonald's, they still fret about US cultural imperialism and see the ubiquitous hamburger as a threat to their national cuisine.

This week's events at the Paris restaurant of the trendy Hard Rock Café on Boulevard Montmartre will therefore leave many of them with mixed feelings.

The prefect of police has seen fit to threaten the popular eatery with temporary closure following the discovery on the premises of 300kg of frozen mince meat imported from the UK after a ban imposed as a result of the mad cow disease controversy.

A press release from the prefect's office made clear the offending meat had been "seized with a view to being destroyed as quickly as possible". In view of the "grave risk to public health this situation could have generated", the prefect of police had decided to "activate procedures for the administrative closure" of the restaurant. The establishment's owners had been asked to explain themselves in writing within four days.

According to the Hard Rock, however, the beef in question was of Irish origin and therefore not affected by the ban.

Confusion had arisen because Irish meat "carved on the spot in Ireland is then sent vacuum packed to a processing plant in England," the restaurant said. This meat only treated Irish meat and had "all the necessary authorisations for exporting to Europe".

Contacted last night at the busy restaurant, Ms Dominique Lopez, public relations manager, said documents explaining the position had already been taken to the police. "I think everything should be back in order."

She said the order had in any case arrived "in error". Since March, the restaurant had only served French beef. Whatever the outcome of this week's drama, it is unlikely to make the French any more enthusiastic about American food.

In a survey published this week by Le Monde, the Paris newspaper, 30 per cent of those questioned said they thought the influence of American food was "excessive". This compared with 12 per cent in 1994 and 10 per cent in 1988. "Old people and ecologists are the groups that are most hesitant about hamburgers and fast food," the newspaper reported.

Danish legal tussle could hamper EU

By Hilary Barnes in Copenhagen

A Danish court yesterday began hearing a challenge to the prime minister's signing of the Maastricht treaty. The case could have a bearing on when the European Union as a whole can ratify any treaty revisions agreed during the current intergovernmental conference.

At the heart of the case brought by the 11 complainants is Article 235 of the Rome and Maastricht treaties, which allows the European Council to take action in areas not specifically covered by the treaty.

They will argue before the courts that this article is not compatible with Article 20 of the Danish constitution, which states that the Folketing (parliament) can devolve sovereignty to international organisations "to

an extent which is more closely defined".

As the Rome and Maastricht treaties were approved by large majorities in the Folketing, as well as by referendums, few people believe the Danish Supreme Court will declare the Maastricht treaty to be unconstitutional. But lawyers and politicians think the court may lay down a number of conditions which the Folketing and governments must observe when the treaty is applied in practice.

No one knows how long the case will last, but a final verdict will not be handed down until the verdict of the Eastern District court - whichever way it goes - has been the subject of appeal to the Supreme Court.

If the case drags on long enough, it could hold up the implementation of the revised Maastricht treaty being prepared by the inter-governmental conference, which must be ratified by all 15 governments before it can come into force.

For political rather than legal reasons, Denmark will be unable to ratify the treaty, probably after first holding another referendum, until the Supreme Court has spoken.

The government hopes the case - which academic lawyers say is likely to last for at least two years but could last significantly longer - will be over soon enough to prevent a serious delay.

At stake in the initial procedural skirmishing in the court is the complainants' request to be given access to government documents going back to 1973, the year Denmark, the UK and Ireland joined the European Community, as it was then known.

The government's lawyers argue that access to documents should be restricted to the period since the signing of the Maastricht treaty.

EUROPEAN NEWS DIGEST

Danes relent over Rushdie

The Danish government yesterday tried to repair the damage done to its reputation by its refusal, announced on Thursday, to allow Mr Salman Rushdie, the UK author, to visit Denmark to receive the European Arisen Literature prize on November 14.

Mr Paul Nyrup Rasmussen, prime minister, instructed his minister of culture, Mrs Jytte Hilden, to invite the author to Denmark, but on a date "before Christmas".

Mr Rushdie, who described the government's first decision as "cowardly", yesterday said he would accept the invitation, while the organisers of Copenhagen 96 Cultural Capital of Europe, which is awarding the prize, said the date of the award would be moved to fit the new arrangement.

Thursday's decision was taken on the advice of police, who said that they could not guarantee Mr Rushdie's security.

A factor in their decision was the drain on police resources over the past few months in trying to contain a war between biker gangs.

Hilary Barnes, Copenhagen

Bulgaria set to elect reformer

Mr Petar Stoyanov, a reformist lawyer, looks poised to win Bulgaria's presidential election tomorrow but a deep economic crisis and the shadow of political violence will leave him little time to celebrate.

As the Socialist cabinet braced itself yesterday for tough talks with the International Monetary Fund on sorely needed loans, opinion polls gave Mr Stoyanov a big lead over the government's candidate, Culture Minister Ivan Marazov. A big defeat for Mr Marazov could tear apart Prime Minister Zhan Videnov's Socialist party and derail his government's shaky economic reforms, diplomats said.

The Gallup polling agency predicted Mr Stoyanov, pro-market liberal candidate of the anti-communist Union of Democratic Forces (UDF), would win 64 per cent of votes against 36 per cent for Mr Marazov in Sunday's run-off election.

In a televised debate on Thursday night Mr Stoyanov accused the government of making Bulgaria the reform laggard of the former East bloc and said he would call the cabinet to task if elected.

Reuters, Sofia

Belarus minister sacked

President Alexander Lukashenko of Belarus sacked his defence minister for allegedly turning up drunk at an official ceremony yesterday. Russia's Interfax news agency reported. Mr Leonid Malisev had earlier arrived with the president to mark the 75th anniversary of a medical institute in Minsk, the capital of the former Soviet republic.

"The reason for his sacking was the general's behaviour, who was drunk at the moment when he had to deliver an opening speech at the celebrations," Interfax claimed. "The head of the military body was unable to read the prepared text clearly." A defence ministry spokesman said he was unaware of the decision and presidential administrative officials were unavailable for comment.

Reuters, Minsk

Turkey expects tourist record

Mr Bahattin Yucel, Turkey's minister of tourism, yesterday said Turkey expected a record 9.5m tourists to visit the country by the end of the year - a 22 per cent increase on the previous year - bringing in revenues of more than \$6bn. He forecast that the number of visitors would increase to 12m in 2000.

Mr Yucel was addressing the annual convention of the Association of British Travel Agents in Istanbul. Turkey is one of the fastest growing tourism markets, with an average annual growth rate of 15 per cent, according to the World Tourism Organisation.

Its share of the world tourism market grew from 0.3 per cent in the early 1980s to 1.2 per cent in the early 1990s. Tourism accounts for 26 per cent of export revenues and 3.3 per cent of gross national product.

Britain is a fast-growing source of tourists for Turkey. The number of visitors from Britain has more than doubled in four years from 314,000 in 1992 to an expected 800,000 this year.

Mr Yucel said Turkey had tried to maintain a balance between making a profit from tourism and conserving its natural resources. However, Mr Mike Cook, Britain's consul-general in Istanbul, said there was a risk Turkey might fall victim to its own success and its infrastructure might not be able to meet the demands of increasing numbers.

Scheherazade Daneshkhu, Istanbul

Action on German reactor

The state government of Hessen will seek to shut down a nuclear reactor operated by RWE within a year due to concerns about public safety.

Mr Margarethe Nimsch, Hessen environmental minister, said her government would revoke a licence granted to RWE in 1976 permitting it to run the Biblis A reactor, located in the town of Biblis. RWE will continue to operate the adjacent Biblis B.

She said the company would not be able to address the government's concerns about the safety of Biblis A before 2010. In particular, RWE would have to install an emergency system and improve the safety of the reactor. RWE estimates the measures would cost it around DM2bn (\$1.3bn).

Mrs Nimsch noted that, without the measures, Biblis A might not be able "to deal with any accidents or leaks". A meltdown was also not out of the question given the reactor's condition, the minister added.

AFK, Wiesbaden

The German post and telecommunications ministry has begun accepting applications for licences to operate telephone services in competition with Deutsche Telekom from January 1 1998. Applications will be processed and licences awarded on a first come, first served basis.

Peter Norman, Bonn

Russian deficit to widen

A commission set up to iron out Russia's 1997 budget draft yesterday agreed to widen the projected deficit and raise foreign borrowing. But analysts said it was not immediately clear how the gap would be closed.

The conciliation commission of government and parliament, set up after the State Duma (lower house) rejected the first draft budget, agreed to widen the deficit to 3.5 per cent of gross domestic product from a previous 3.3 per cent.

It is unclear whether the wider gap would result from increased spending or lower revenues. But Mr Vladimir Petrov, first deputy finance minister, said the government would increase foreign borrowing by \$722m as a result.

Russia's main source of foreign borrowing next year is likely to be some \$4bn of a three-year, \$10bn International Monetary Fund loan and eurobond issues. However, the IMF has effectively delayed payment of its latest tranche because of concern over the low level of tax collection and its possible impact on the budget deficit.

Partly as a result of a tough monetary policy which has slashed inflation to less than 2 per cent, from 18 per cent in January 1995, the economy is starved of cash and wages and taxes are going unpaid.

The conciliation commission agreed to base the budget on an annual inflation rate of 11.8 per cent, the higher of two scenarios originally proposed. It gave a forecast for GDP of Rb5,727,000m (\$600bn), implying real growth of 3 per cent. It also assumed a weaker rouble exchange rate of Rb5,750 to the dollar, compared with Rb5,560 in the draft.

Reuters, Moscow

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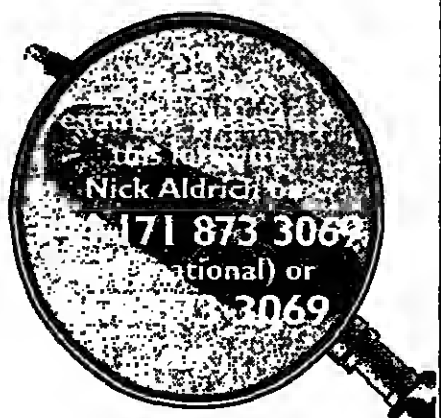
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FINANCIAL TIMES Information

Loser in Massachusetts may still fly high

Jurek Martin reports on two able candidates in the most entertaining race for the US Senate

There is an intriguing sign-off line in one of the TV commercials Senator John Kerry, Democratic incumbent in Massachusetts, is using against his opponent, Republican Governor Bill Weld. It says, "let's keep him where he is". Its immediate purpose is obvious, another argument why Mr Kerry should be returned to a third six-year term in Washington, where he gets generally high marks. It could also be taken as a backhanded compliment to the fact that Mr Weld is an undeniably successful and popular governor in the most congenitally Democratic state in the union apart from Hawaii.



Weld (left) and Kerry: worthy records in public service

But Mr Weld may consider it serious advice. For if he has serious presidential ambitions - and he is already touted as one of the Republicans most able to pick up the party pieces in the event of a Bob Dole debacle next Tuesday - he would be better placed to do so by serving two more years as governor and then freeing himself for a national campaign than by sitting in the US Senate.

US presidents, Messrs Carter, Reagan and Clinton, were all former state chief executives. More than that, a narrow loss to Mr Kerry might add to his lustre. It would be quite a testimonial in a state where Republicans constitute less than 20 per cent of registered voters, where the incumbent has Senator Edward Kennedy, the biggest name in Massachusetts politics, pulling out all the stops on his behalf and where President Bill Clinton leads Mr Dole by 30 points.

was also, until its sad but perhaps predictable descent into the negative over the last two weeks, easily the most enlightened and entertaining race in the nation.

It features two candidates of worthy records in public service both able to articulate very different political philosophies without recourse to some party text.

Mr Kerry, lantern-jawed and a touch over-earnest, is an exemplary modern Democrat, his heart in all the usual liberal social places but his head more able than most to grasp the budgetary consequences of over-spending.

Mr Weld, red-headed and a little too proud of his genuine sense of humour, is the perfect amalgam of economic conservative (\$950m in state tax cuts plus a budget surplus over the last six years) and social liberal verging on the libertarian (he favours abortion rights).

Both have Ivy League educations and are very rich - Mr Kerry even more so following his marriage last year to Ms Theresa Heinz, widow of the former Republican senator from Pennsylvania and food heir. Both wives, neither a shrinking violet, have campaigned hard for their husbands.

also charged Mr Kerry with breaking Senate rules by accepting free lodging from a Washington lobbyist friend while in the throes of his divorce in 1989.

Most of the offensive has come from Mr Weld, with questions even raised about Mr Kerry's combat decorations in the Vietnam war. A constant refrain of Weld commercials is that Mr Kerry cannot be "trusted".

It might be backfiring. Before their eighth and final TV debate on Monday, he appeared to have drawn level but his continued relentless assault, allied to Mr Kerry's careful emphasis on women's issues such as health and education, may have shifted the balance against him.

Mr Kerry is also getting the benefit of 11th hour visits from Mr Clinton and vice president Al Gore. Mr Weld did secure the endorsement of Mr Ross Perot, the Reform party candidate, but failed to get retired General Colin Powell to come to Massachusetts. Mr Dole, of course, is not welcome.

Regardless of Tuesday's result, neither man is at the end of the political road. If he loses Mr Kerry could find himself choosing between a cabinet post in the next Clinton administration or heading the run for Mr Weld's current job in 1998.

Mr Weld, if his pride can take it, just might be better off in the long term with an honourable defeat. A natural born campaigner, Page 9

INTERNATIONAL NEWS DIGEST

Rwanda troops 'in Zaire town'

Rwandan troops entered the eastern Zaire town of Goma yesterday by lake and land to assist Tutsi rebels fighting to capture it, diplomats said. "There are RPA (Rwandan Patriotic Army) troops in uniforms in the centre of Goma city, the main square. They came in by land and across Lake Kivu on boats landing on the city beach," said a diplomat in the region, quoting witnesses.

In Bukavu, Ms Corinne Dufka, a Reuter photographer, reported yesterday that the town, capital of South Kivu, had fallen to the Banyamulenge Tutsi rebels on Wednesday. The conflict in eastern Zaire pits ethnic Tutsis against both the Zairean government and Hutu refugees, some of whom were responsible for the 1994 genocide in Rwanda of up to 1m Tutsis and other victims. Tutsis, who are among some of Zaire's most successful entrepreneurs and professionals, are packing up and leaving, fearing a witchhunt following a revolt by the Banyamulenge rebels. In the latest incident, a mob of several hundred youths attacked Tutsi-owned property in the capital Kinshasa yesterday and looted dozens of cars, witnesses said. On Thursday, the transitional parliament called for Tutsis to be sacked from the army, civil service and state-run companies. *Rutur, Giscusi*

South Korea delays sell-offs

South Korea's decision yesterday to postpone privatisation of four of the biggest state-owned companies, including Korea Telecom, is a setback to its economic reform programme. Under the revised programme, the government will retain a controlling interest in Korea Telecom, while gradually disposing of minority shares as the stock market improves. Although President Kim Young-sam recently urged an acceleration of the much-delayed sell-offs, the finance ministry said conditions, including a bearish stock market, were not right to proceed. Privatisation has also been delayed by the government's inability to find buyers for the state companies after it excluded the country's big conglomerates, or *chaebol*, for monopoly reasons.

The government announced in 1993 it would privatise 58 state companies by 1998 for total proceeds of \$8bn, but only 16 enterprises, most of them small, have been sold. The sale of Korea Heavy Industries & Construction, a power generation equipment maker, will now be put off indefinitely, while privatisation of the Korea Gas monopoly will be postponed until 2003. Shares in the state-run tobacco company will begin to be sold in late 1997, but it will keep its domestic cigarette production monopoly for the foreseeable future. *John Burton, Seoul*

Boatpeople to go by deadline

Mr Malcolm Rifkind, British foreign secretary, said in Hanoi yesterday he was confident that Vietnamese boatpeople remaining in Hong Kong's camps could be sent home by the time China resumes sovereignty of the colony next year. But it was up to Hanoi to come up with specific proposals for accepting back detainees it deems non-Vietnamese nationals. The issue of so-called non-nationals is the main stumbling block in the way of smooth repatriation of the roughly 11,000 Vietnamese still in camps in the British colony. Most are ethnic Chinese and are included in a list of about 4,000 Vietnamese whose names and identity have yet to be cleared before they can be sent home. Mr Rifkind, on an official visit, said those he met had shown a willingness to tackle the issue, which has been clouded in the last two months by a new wave of illegal migrants heading for Hong Kong. *Jeremy Grant, Hanoi*

C & W signs China accord

Cable and Wireless of the UK, majority shareholder of Hong Kong Telecom, has signed a memorandum of understanding with China's Ministry of Posts and Telecommunications aimed at strengthening co-operation before Hong Kong returns to Chinese rule on July 1 next year. C&W said the memorandum would help co-operation on a "wide range of telecommunications ventures". The first joint project under the new agreement would be a fibre-optic submarine cable between China and North America. The UK company is co-operating with China on a new communications link between Beijing and Hong Kong to provide a range of telecommunications services. *Tony Walker, Beijing*

Israel suspends negotiator

Israel's defence ministry yesterday suspended Maj-Gen Oren Shohar from its negotiating team with the Palestinian Authority after he had held a private meeting with Mr Shimon Peres. Labour opposition leader, without consulting the government. Gen Shohar, who will retain his post as chief co-ordinator of government activities in the West Bank and Gaza, insisted his meetings with Labour leaders were social. *Judy Dempsey, Jerusalem*

Beijing in gesture on fair trade

By Frances Williams in Geneva

China yesterday announced a standstill on new trade measures inconsistent with international fair trade rules in an apparent bid to speed up its protracted negotiations to join the World Trade Organisation.

Chinese officials also said they had encountered "a more pragmatic and positive" approach from the US in bilateral talks on WTO entry terms, confirming a softer stance by Washington evident since mid-summer. The US is said to be aiming to bring China into the WTO some time next year.

China's decision, announced at a meeting of the WTO's working party on Chinese membership by Mr Long Yongtu, China's chief WTO negotiator, was welcomed by trading partners. US officials said it marked China's serious intent to spur the talks.

Mr Long said he hoped WTO members would reciprocate by not imposing new trade restrictions on China, and pledged Beijing's readiness "to make positive responses" to the political support for Chinese membership shown by many world leaders.

WTO members, led by the US, have insisted China enter on strict terms that reflect its role as one of the world's biggest economies. Beijing is seeking admission under lenient standards set for developing nations.

Obituary: Junius Jayewardene

Visionary with a legacy of violence

Junius Jayewardene, Sri Lanka's former president, who died yesterday at the age of 90, was the first leader in South Asia to embrace the free market economy but he leaves a legacy of political and ethnic violence plaguing the country.

A culture of violence entered Sri Lanka politics under Jayewardene's presidency. The use of state-sponsored terror was later to be nurtured by his successors with gusto.



Jayewardene: peace deal

However, on the economic front he was a visionary who sensed the direction of world trade law before the collapse of the Soviet Union. "In the dark, he showed us the way. He made Sri Lanka a part of the new world," said Mr Rani Wickremesinghe, a former prime minister, who leads the opposition United National party from which Jayewardene retired in 1988.

In 1977, he set in motion a process of deregulation, hoping that Sri Lanka could become the Singapore of South Asia at a time when other countries in the Indian sub-continent remained faithful to socialism. Jayewardene declared as he decimated leftists by deploying thugs to break strikes, arrested trade union leaders, and even organised demonstrations to intimidate judges.

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Local unrest drove the country to disaster. The boom turned to gloom when anti-Tamil riots erupted in July 1983, marking a turning point in the drawn-out Tamil separatist campaign that has claimed more than 50,000 lives since 1972. Three years earlier, Jayewardene had disregarded foreign appeals and taken away the civic rights of his main political rival, Sirima Bandaranaike. She

became prime minister two years ago.

His sharp manoeuvring earned him the nickname of "Old Fox", and divided the majority Sinhalese community. It spawned a Sinhalese militant group which killed 6,000 mainstream political activists between 1987 and 1989.

Jayewardene used his only son, Ravi, as his security adviser, but failed to contain rising ethnic violence. Sri Lanka remained friendless as the country's human rights record deteriorated and the west imposed sanctions.

The US refused to sell helicopter parts to Jayewardene's administration. Only Japan continued to provide economic aid and to deter remains the country's largest single donor of foreign aid.

Jayewardene turned to neighbouring India, which he had earlier accused of arming and training the Tamil separatists, and secured a wretched peace deal with warring factions. New Delhi was

to be the underwriter.

On July 29, 1987, Jayewardene signed the Indo-Sri Lanka peace accord with then Indian Premier Rajiv Gandhi whose mother, Indira, was the first to support and arm the Tamil rebels, including Tiger guerrillas.

The elder statesman Jayewardene made his peace deal partner Gandhi look like a novice when Indian troops ended up fighting Tamil Tigers, whom they themselves had armed and trained, and continued to get killed while Sri Lankan troops remained safely in barracks.

Sri Lanka is in the process of overhauling the constitution introduced by Jayewardene and dismantling the presidential system adopted in 1978. His own party, which is now in opposition, has become a victim of political violence, the legacy of the Jayewardene rule, and is clamouring for change and trying to forget the past.

Amal Jayasinghe in Colombo

From camels to cartoon culture

The days when caravans unloaded their treasures of silks and spices from camels in the bustling courtyards of the khans, or travellers' inns, of Damascus have long gone, but the smells and the colourful chaos they brought with them remain.

Alexandra Capelle on a Syrian family whose latest business venture, run from a centuries old office, is satisfying the TV viewing habits of Arabs



Tom & Jerry go to Damascus

Ancient courtyards with oriental fountains today serve as storage and warehouses for a variety of goods: massive sacks of aromatic grains used to make arabic, the traditional Arab liquor, are piled up next to boxes filled with women's stockings, in shaded corners, old men pass the day playing backgammon.

But behind the carved wooden doors of the 600-year-old *Tulun* (tobacco) *khana* a surprising image of modernity has quietly emerged. Tom & Jerry and the Lion King glance down from the poster-plastered walls of well furnished offices and a man in an Italian designer suit explains a computer spreadsheet to his grey-haired secretary.

This is the office of Mr Maher Weiss al-Sabbagh, the co-owner of Weiss Bros, a fast growing Syrian company responsible for publishing, dubbing and licensing television and magazine cartoons across the Arab world.

Cartoons are very popular in most Arab countries, and are watched not only by children but by the entire family. Apart from a few popular Syrian soap operas, Arabic versions of Australia's *Neighbours* or the UK's *Coronation Street*, Syrian television does not have much entertainment on offer.

People often prefer cartoons to watching yet another official function. Women, too, spend a great deal of time at home, often viewing cartoons.

where Mr Sabbagh saw a more lucrative business opportunity in cartoons - a passion since childhood.

With a high-tech sound studio in a modern suburb of Damascus, a home in one of the most fashionable areas of town and frequent hunts around the globe for new cartoons, Mr Sabbagh enjoys the contrast between the medieval office location and his 21st century lifestyle.

"Slipping from one world into another is wonderful. I have grown up in the office of my father here and the traditions and smells of old Damascus are part of my life," he says.

Sixteen years ago, after finishing his business degree at Damascus University, he and his brother Faysel started Weiss Bros and began translating, printing and publishing cartoon magazines such as MGM's *Pink Panther*.

In 1987 the brothers dubbed and launched their first television programme, a Japanese football series, which became popular and was bought by all Arab television stations.

Today he claims that his Venus Centre studio, established in Damascus, Beirut and Cairo to cover the region. Total investment in the sound studios and offices amounts to \$2m, according to Mr Sabbagh. But, when it comes to disclosing financial details, he follows the tradition of Middle Eastern traders and keeps his profits a closely guarded secret.

This year the Venus studio has been busy preparing 52 episodes of the *Simba* *The*

King Lion series, a Japanese version of Walt Disney's *The Lion King*.

The secret of the company's success seems to lie in its carefully designed changes to the original version of the cartoons. "Our studio is the best in the Arab world because our method of working is based on responding to Arab characteristics with different voices, music and adapted text," says Mr Managh Hijaz, studio manager.

He says Japanese or US-style jokes and music are not always comprehensible and appealing to a Middle Eastern audience. More than 20 employees constantly redraw pictures, rewrite dialogue and compose more suitable songs.

Cartoon piracy on television is not as big an issue in the Middle East as it is merchandising piracy. In 1982-1983 Weiss Bros established the Arabian Licensing Company (ALC), the chief agent of publishing and licensing rights for cartoon characters of US and Japanese giants such as Turner, King Features and Universal Studios.

Without ALC's approval it is illegal for any manufacturer to use the companies' images or names for advertising or labelling.

Projects in the pipeline for the Weiss brothers include a feasibility study on a children's satellite station for the Arab world and a new children's programme following in the footsteps of the famous US programme *Sesame Street*.

A quick expansion with newly equipped studios in Damascus is scheduled to see these ambitious plans through. But no matter how big the studios become, Mr Sabbagh is certain to remain in his unpretentious offices in the *Tulun khana*, enjoying a different kind of world.

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NEWS: UK

Members' group warns that premium rates are falling and 1997 profits outlook is poor

Lloyd's Names should 'cut back on risk'

By George Graham in London

Lloyd's Names should be cutting back on the risks they are willing to underwrite next year, a leading members' group has warned.

The Association of Lloyd's Members, which represents about 9,000 of the Names whose private wealth is used to support the Lloyd's insurance market, warned in its latest newsletter that premium rates are falling fast

and that the profits outlook for 1997 is poor.

Profits in 1995, the last year to report under Lloyd's three-year rolling accounts system, reached £1.08bn (\$1.8bn) before expenses, and profits for 1994 and 1995 are also expected to be good.

Chatslet, the independent Lloyd's analyst, said last month it expected the insurance market to report a profit to Names of £1.05bn for the 1994 year of account. The forecast is slightly up on Chatslet's last forecast of

£1.024bn made in January 1996.

Chatslet's forecast for 1995 has improved from £888m to £908m.

The association warns, however, that members should not be blinded by likely results for recent years and the successful completion of Lloyd's financial reconstruction.

"Funding conditions are still deteriorating and there is little sign that the market may be about to turn. It follows that Lloyd's may not do

much better than break-even in 1997, assuming an absence of serious catastrophes," the association says.

Lloyd's Names have until the end of November to negotiate with their members' agents how much premium income they are willing to accept next year. They have to deposit funds amounting to 30 per cent of this "capacity" with Lloyd's to cover any insurance losses, although they can continue to earn income on these funds.

The warning about trading conditions on the Lloyd's market is echoed by Standard & Poor's, the credit ratings agency. Mr Andrew Campbell-Hart, managing director of insurance ratings for S&P in London, said he expected profits after expenses and special levies to top £1bn for 1994 and reach almost £900m for 1995.

"Clearly, however, the underwriting cycle is turning in 1996 and syndicate underwriters' reports are increasingly warning of softening reports and irresponsible competition within the international markets for the types of business Lloyd's specialises in," he said. Lloyd's completed its comeback from the brink of insolvency in September when the Department of Trade and Industry approved the creation of Equitas, a specially created reinsurance company into which Lloyd's is transferring about £12bn of mainly US liabilities outstanding on policies sold before 1993.

UK NEWS DIGEST

Salomon freed from scrutiny

Salomon Brothers International, the London arm of the US investment bank, has been released from the special probation imposed a year ago after the discovery of accounting problems that cost it \$194m.

The Securities and Futures Authority, the UK's securities market regulator, said yesterday that it had decided Salomon need no longer submit the special monthly and quarterly reports it has required for the past 12 months.

The SFA said it was "now satisfied that the changes implemented by Salomon Brothers International are operating effectively, and considers that the conditions can be discontinued".

The fallings in Salomon's accounting systems led to a serious discrepancy between its general ledger accounts and other internal accounts. Although the SFA accepted in 1994 that Salomon had already corrected the problems that led to the charge, it still imposed an unprecedented set of reporting requirements on the business to ensure that the changes were operating effectively.

George Graham

Scotland searches its soul over chip jobs

Reliance on electronics is being questioned

Scottish Enterprise, the economic development body, last month unveiled another big inward investment success: the South Korean company Hyundai would invest £2.4bn (\$3.9bn) building two semiconductor fabrication plants in Fife, creating 2,000 jobs. It should have been cause for great celebration. Instead - apart from in Fife itself, in eastern Scotland - the news unleashed a wave of soul-searching about the value of inward investment to the Scottish economy.

Scotland's increasing dependence on the largely foreign-owned electronics industry and Scottish Enterprise's entire strategy. For Mr Crawford Beveridge, the Scot who returned from California five years ago to run Scottish Enterprise, the carping was another illustration of the Scots' tendency to "see the bucket as a half empty rather than three-quarters full".

But the criticism in the

media and from some business figures evidently stung because this week he called in the press. He was worried, he said, that non-UK companies would get the impression that they were not wanted in Scotland.

In 1995-96, £961m (\$1,597m) was committed to Scotland in inward investment, according to Locate in Scotland, the division of Scottish Enterprise which markets Scotland as a business destination. Three-quarters of that was in electronics.

Scotland produces about 35 per cent of all branded personal computers made in Europe, thanks partly to the plants of Compaq and International Business Machines. It has four microchip fabrication plants. Silicon Glen, as the Scottish electronics industry is known, employs 50,000 people and in 1994 produced 30 per cent of Scottish manufacturing output.

It will make a further leap next year when a vast cathode ray tube plant built by Chung Hwa of Taiwan

comes onstream, with another Taiwanese factory beside it making monitors. The two should eventually create 4,000 jobs.

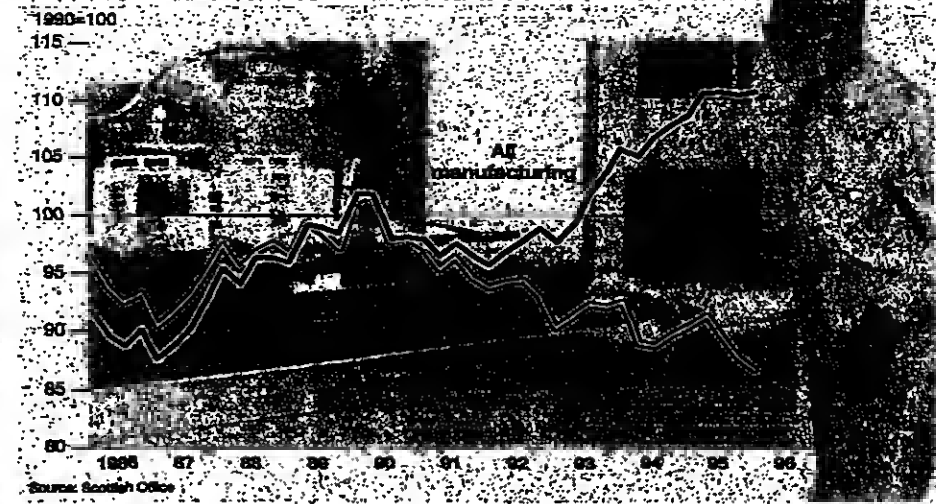
Yet the electronics industry's roots in Scotland do not go that deep. Much of it consists of assembly plants. The multinationals spend only a tiny amount on product design in Scotland; only about 20 per cent of their spending on sub-contract work goes to companies based there.

The CBI in Scotland last week voiced alarm that Scotland's non-electronics output was not just being outpaced by electronics, but was declining.

But Mr Beveridge said inward investment generally brought more productive and higher paid jobs than those provided by indigenous companies, and imported superior management practices.

In spite of claims that the UK government's Scottish Office directs most of its regional selective assistance

Electronics sector powers ahead



Source: Scottish Office

grants to overseas companies, Mr Beveridge said in the past five years £210m (\$342m) of the £460m (\$749m) committed went to indigenous companies, which made up 73 per cent of applicants.

As for Scottish Enterprise itself, only 12 per cent of the £2.5bn (\$4bn) it had spent in that period went on attracting inward investors or giving them training grants.

"We spend most of our money on the indigenous base," Mr Beveridge said. Scottish Enterprise, he

said, would like to attract smaller non-UK operations which spend large sums on research, bringing better quality employment. But this was difficult because the rules for assistance favoured the projects that created the most jobs.

"If Locate in Scotland spent a lot of time trying to attract something that only produces 12 high value jobs in, say, engineering, we might have to walk away from the big projects that produce hundreds of jobs," Mr Beveridge said. "Let's have a debate about it and

see if Scotland is prepared to tolerate winning fewer jobs for a time."

He conceded: "I believe you build a very fragile economy if you only have inward investment." That was one reason why Scottish Enterprise had launched initiatives to persuade more Scots to set up their own companies. A Mori survey this year showed that the number of people in Scotland considering starting their own business had more than doubled since 1992.

James Buxton

Forex approach by Swiss company

By Clay Harris in London

A Geneva-based company has solicited a British resident to engage in high-risk currency trading, months after assuring the Securities and Investments Board that it would not do so.

International Foreign Exchange Corporation, known as Ifexco, wrote in late September to a prospective client giving details of where to send his money to open a trading account.

The man decided not to proceed after reading about losses suffered by investors of other foreign exchange companies in Europe. He passed the letter and Ifexco's sales brochure and draft contract to the Financial Times.

The letter appears to break a commitment Ifexco gave to the SIB in February not to seek customers in the UK. Mr Olivier Quehen, Ifexco's sales manager, said yesterday: "We made a mistake". He added: "We don't want to get clients in the UK or Ireland." Irish residents, however, have also received direct mail shots from Ifexco in recent months. "We had contacts with the SIB about nine months ago, and we had no way of meeting their requirements," he said.

Ifexco's prospective client said he had answered an advertisement in an international magazine and had not been "cold-called". Mr Quehen said Ifexco, registered in 1995, now had about 150 to 200 customers. It acts only as a broker, he said, executing trades on the orders of customers.

A letter he wrote in July to the prospective London client described it as a "company with a share capital of SF2.5m" (£2.0m). However, this is authorised capital; capital is SF500,000, he acknowledged yesterday, although this was shortly to rise to SF900,000.

Companies such as Ifexco and Nordex Asset Management, another Geneva-based company offering forex trading accounts, are not subject at present to financial regulation in Switzerland. On February 1 1997, a new securities law will bring them under the Federal Banking Commission. Companies with then have three months in which to apply for a licence and two years to satisfy all legal requirements.

Lawyers claim privatised utilities could face legal action from staff over conditions

Major set to reject EU working hours

By David Wighton and Nicholas Timmins in London

The privatised utilities could face legal action over long working hours if the government loses its battle over the European Union working time directive. City of London lawyers warned yesterday.

Mr John Major, the prime minister, made clear yesterday he would seek EU treaty changes if the UK lost its case before the European Court of Justice. The court is due to rule later this month on a UK challenge that the 48-hour week directive is illegal.

However, failure to implement the directive by

Mr John Major, the prime minister, yesterday stated to be a criterion for a single currency. "What it certainly exemplifies in spectacular fashion," he said, "is the reason why we should be involved in the negotiations on a single currency to protect the British interest whether we go in or stay out."

He was speaking after calls by the social security committee of the House of Com-

November 23 would leave staff free to sue any public sector employer who failed to observe its limits. Ms Elizabeth Adams, a partner with the City lawyers Beechcroft Stanley said. That could include the privatised utilities, she added, after a recent ruling in a case involving South West Water, that they were "emanations of the state".

But employers' organisations are less clear that it will have any impact on working hours in spite of their continued opposition to the directive in principle.

Engineering employers said yesterday that providing the government took advantage of the wide degree of flexibility which the directive allowed, most businesses would see "no disruption". Even the Institute of Directors, the employers' organisation most opposed to the change, said yesterday it did not expect "a lot" of impact in terms of hours worked, although small businesses bitterly resented the extra bureaucracy the directive was likely to require.

Mr Major yesterday declined to say directly that the government would threaten to veto any changes at the inter-governmental conference if the court ruling went against the UK: a course ministers are known to be considering.

But he underlined the government's belief that the directive "infringes the agreement we reached at Maastricht about the social chapter" and said that he would "seek to have the matter returned to what I thought I agreed some time ago, in the next IGC".

The British Hospitality Association has calculated the directive could add up to £100m (\$163.00m) to costs in the hotel and catering industry which, it says, turns over £400m a year.

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'Odd man out' fails to win support

By Emma Tucker in Brussels

Few of Britain's partners in the European Union have much sympathy for its position on the working time directive. Most of the other 14 member states already have statutory controls covering working time, some of which are more stringent than those in the EU directive.

For example, under German law employees can only work a maximum 10 hours

daily, compared with the directive's 13 hours. Some deviations are allowed but only with the agreement of certain unions.

For French workers, the normal working week should be 39 hours with a maximum of 48 hours. Permission to work over 48 hours has to be granted by law.

Britain is also the only EU country not to have a legally required number of days of paid annual leave, although this varies considerably

between the other 14 member states. Where the directive provides for four weeks' annual paid holiday, in Germany the legal requirement is 3 weeks and in France it is 5 weeks.

The difference in traditions was reflected during negotiations on the directive, originally published in 1990 and adopted by the Council of Ministers in November 1993. During that time it was the subject of

debate primarily because of British objections. On the final vote on its adoption, taken by a qualified majority, only Britain abstained, much to the irritation of the 14 partners who had agreed to a number of concessions to suit British requirements.

As the date by which member states are supposed to have transposed the contents of the directive on to national statute books draws nearer, many have almost

completed the necessary tailoring. Spain and the Netherlands have formally told the European Commission that it will have the legislation in place by the deadline of November 23; in Germany similar provisions to those in the directive were enacted 18 months ago; in Italy work is well underway.

Implementation, however, may be influenced by the fact that the directive allows for local needs and negotiating traditions.



Millennium project 'biggest in the world'

By Christopher Price in London

A 50-metre-high fibreglass dome will form the centrepiece of the £560m (\$896.5m) Millennium Exhibition at Greenwich in south-east London.

The spectacular design was unveiled after a formal application to the local authority for planning permission on the 50-hectare former gas works site.

Imagination, the exhibition designer, and engineers Buro Happold. It will house 12 multi-level pavilions, each dedicated to a different aspect of time.

Surrounding the structure, which will give spectacular views over London and the Thames, will be parks, gardens, other entertainment amenities and transport hubs for boats and the new Jubilee line underground extension.

Mr Barry Hartop, chief executive of the one-year exhibition, said the design details had stimulated renewed interest from the private sector, from which the organisers must raise £150m. "They are just beginning to realise the gigantic scale of this exhibition. This will be the highest celebration of the Millennium in the world and sited on the Greenwich Meridian line."

He added that he was confident of reaching the £150m target. The Millennium Commission is

contributing £200m of National Lottery money, with the remainder coming from advertising and gate fees.

The exhibition has been dogged by funding difficulties ever since the Greenwich site was chosen at the beginning of the year. Mr Hartop said talks were taking place with several parties - including sports and arts groups - about using the exhibition site after 2001.

DRESSER INDUSTRIES

Ex-minister to head unit

Mr Tim Eggar, a former British industry and energy minister, has been made chairman of M.W. Kellogg in the UK, and adviser to its Houston-based parent of the same name, a Dresser Industries subsidiary.

Mr Eggar defended his decision to take up the appointment, a little over three months after he resigned his ministerial post in July. He had, he said, followed the correct public procedures over the appointment, and had been given the go-ahead by the UK government's Carliase committee on business appointments.

There was, he added, no conflict of interest involved: he had met Kellogg during his period as minister, but "in fact I probably saw them less than any other company I dealt with."

M.W. Kellogg is a wholly owned engineering subsidiary of Dresser Industries. It has generated more than \$2.5bn in worldwide revenues during 1996.

James Blitz

ECONOMY

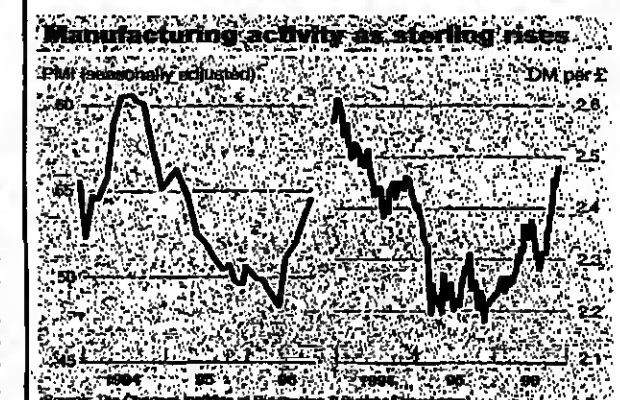
Factory growth accelerates

Manufacturers yesterday reported the strongest growth in factory activity for a year and a half as separate figures signalled the steady housing market recovery continued into the latter half of the year.

The latest survey by the Chartered Institute of Purchasing and Supply suggested industry's recovery from recession was gathering pace and becoming more broadly based.

The Nationwide building society (savings and loans institution) said that house price inflation rose to nearly 8 per cent last month. House prices increased by a seasonally adjusted 0.8 per cent in October compared with 1.4 per cent in September.

The signs of stronger economic growth lifted the pound, which finished a buoyant week on the foreign exchanges



Source: The Chartered Institute of Purchasing and Supply

An economic stitch in time. Page 23; Lex. Page 24

TOURISM

Market share 'slipping'

Mr Jack Cunningham, the opposition Labour party's shadow heritage minister, said yesterday that the British government lacked a clear strategy towards tourism. He said Britain was slipping down the world tourism league table by losing market share to other countries.

Britain's tourism industry is worth 5 per cent of gross domestic product and accounts for 1.5m jobs - 7 per cent of the workforce.

Scheherazade Dameshkiha

BUS INDUSTRY

Monopoly threat investigated

The £282m (\$459.56m) acquisition of British Bus, the UK's largest privately owned bus company, by Cowie, the motor, bus and finance group, has been referred to the Monopolies and Mergers Commission.

The agreed takeover, announced in June and completed in August, was the largest so far in the bus industry and represented a further move by Cowie away from its roots as a motor distributor.

Mr Gordon Hodgson, chief executive of Cowie, said he was surprised by the referral, which he described as a "storm in a teacup". Mr Hodgson said, that with British Bus, Cowie would command 26.3 per cent of London's regulated bus routes.

Motoko Rich

GUN BAN

Government secures support

The government's plan to impose a partial ban on handguns is set to receive crucial support from the Ulster Unionist party, the largest pro-British party in Northern Ireland.

As the British government published its firearms bill yesterday, Mr John Taylor, UUP deputy leader, said his party would not back the opposition Labour party in demanding a total handgun ban. The UUP is yet to decide if it will vote with the government or abstain, but Labour's chances of securing a total ban could fall without the support of the party's nine MPs.

The proposed legislation bans all handguns above a .22 calibre, going beyond the recommendations of Lord Cullen's report into the Dunblane tragedy in which 16 school children and their teacher were killed by a lone gunman.

Liam Halligan

NORTHERN IRELAND

Man to be charged for bomb blast

A Belfast man is to be charged with bombing the British Army's headquarters in Northern Ireland. He is expected to be charged with causing an explosion and to appear in court in the city today.

One soldier died following the IRA bomb attack at Tipperary barracks, Lisburn, County Antrim, on October 7. More than 30 others, many of them civilians, were injured.

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Chrysalis and VNU form TV venture

By Raymond Snoddy

Chrysalis, the music and media group, yesterday announced a television joint venture with VNU, the Dutch publishing and information group.

The aim is to expand independent television production, particularly in entertainment, in Holland and to acquire independent production companies both there and in France. The joint venture is expected also to set up independent production companies in Germany and Scandinavia.

The deal was driven by the fact that Chrysalis, which owned 49.9 per cent of the Dutch independent producer IDTV, did not have the capital to expand as fast as it would have liked.

Under the deal, Chrysalis will contribute its shareholding in IDTV to the new joint venture, which will be known as CVI Media. VNU will pay £15.3m (\$30.26m) for 49.9 per cent of the venture, with up to \$6.5m in deferred payments related to profits. VNU will also make credit of about \$24.3m available to develop the company.

The deal is VNU's first big move into television production, although it already owns 49 per cent of Holland Media Group, which controls broadcasters such as Veronica in Holland and VTM in Belgium.

IDTV founder and chief executive Mr Harry de Winter will be chief executive of CVI.

In the year to the end of December, IDTV, which is the second-largest independent Dutch producer, behind Endemol, had a net profit of £1.6m.

Mr Chris Wright, chair-

man of Chrysalis, said the deal enabled three companies - Chrysalis, IDTV and VNU - "to combine their skills, experience and resources to create a major new force in the European television production market".

Interest in the sector was underlined as shares in Endemol Entertainment, the Netherlands' leading independent producer of TV programmes, soared during their first day's trading on the Amsterdam Stock Exchange yesterday, writes Gordon Cramb.

In a flotation which was 26 times oversubscribed, the price was set at £1.48 a share, top of the indicated range, valuing the company at £1.6bn. But Endemol made its debut at £1.65.80 and ended the day at £1.65.50.

The company, created by Mr Joop van den Ende and Mr John de Mol, expects to double revenues and profits within five years. Net earnings reached £16.5m in the year to July, on sales of £164.2m as the company expanded into other European countries.

Japan oil groups down sharply

By William Dawkins in Tokyo

Rising crude oil costs, a strong dollar and falling petrol prices led to a collapse in profit in the six months to September at Cosmo Oil and Mitsubishi Oil, two of Japan's top 12 distributors.

Cosmo reported a steeper than expected decline in recurring profits, which fell 60.2 per cent, to ¥3.6bn (\$31.6m), in the interim period, on sales up 8.9 per cent to ¥712.6bn.

Net profits fell from ¥3.16bn to ¥2.26bn, while earnings per share were ¥3.59.

The group is paying a ¥3 share dividend.

Cosmo yesterday said that the full-year outlook was weaker than expected and revised downward its forecast of unconsolidated recurring profits before tax and extraordinary items for the 12 months to March from ¥20bn to ¥14bn - a 17.5 per cent increase on last year's profits.

Mitsubishi Oil yesterday reported a 73 per cent decline in first-half recurring profits, to ¥2.6bn, on sales up 6.8 per cent to ¥516.5bn.

Net profits plummeted from ¥4bn in the first six months of last year to ¥1bn. The group is to pay a ¥4bn share interim dividend, only 58 per cent covered by earnings of ¥2.31 a share.

Mitsubishi Oil maintained the forecast it made last month, when it more than halved its full-year prediction for recurring profits, from ¥20bn to ¥8bn, a 61.4 per cent decline on last year's result.

The two companies' setbacks follow poor first-half results - caused by the same factors - announced earlier this week by Nippon Oil, the industry leader.

Japanese oil companies have been unable to pass on their cost increases to retailers because of a fall in petrol prices caused by the deregulation of oil imports.

INTERNATIONAL NEWS DIGEST

Canadian Airlines tightens belt

Canadian Airlines, facing a cash squeeze because of domestic price wars, high fuel prices and competition from two new charter firms, is cutting overheads, seeking a 10 per cent pay reduction from employees and putting more equipment on to transborder services.

It estimates these moves will bring about a C\$20m (US\$150m) swing in cash flow. About 250 jobs will go and the service fee paid to American Airlines (it owns 30 per cent of Canadian) will be renegotiated, along with other supplier contracts.

Canadian earned C\$85.7m in the third quarter, against C\$98.9m a year earlier. The first nine months showed a loss of C\$49m against a C\$65.4m loss a year ago.

Robert Gibbins, Montreal

Samsung upbeat on Fokker plan

Samsung Aerospace yesterday said it was "favourably reviewing" a Dutch government proposal that it invest \$500m-\$600m in Fokker as a condition for taking over the bankrupt Dutch aircraft company. But it added that no agreement has been reached yet in spite of an informal November 1 deadline suggested by the Dutch government on the Fokker negotiations.

Samsung Aerospace, a subsidiary of the Samsung group, wants to assemble aircraft developed by Fokker for sale in Asia, with the Dutch company continuing to market for Europe. The Samsung-Fokker negotiations have focused on a possible split in aircraft manufacturing operations between the Netherlands and South Korea, and Samsung's request for state financial support from both the Dutch and South Korean governments.

John Burton, Seoul

Former ITC chairmen held

The scandal around ITC, BAT's Indian affiliate, deepened yesterday when finance ministry enforcement officials arrested and charged two former chairmen with offences under the foreign exchange regulations act, Mr K. L. Chugh and Mr J. N. Sapru were refused bail by a metropolitan magistrate's court and remanded in custody until November 13.

The ministry enforcement agency, which earlier this week arrested four other present and past officers of the company, says it has evidence of breaches of foreign exchange regulations through falsified invoicing of imports and exports.

Peter Montagnon and Kunal Bose, Calcutta

Telco ahead strongly

Continued strong sales growth has seen Tata Engineering and Locomotive (Telco), India's largest truck maker, drive its net profit in the six months to September 30 higher by 46 per cent to Rs3.3bn (\$52.6m) from Rs2.26bn. The performance by one of the flagships of the Tata group was only marginally above market expectations.

The company, which is now producing Mercedes-Benz cars under a joint venture with Daimler-Benz, increased its sales by 37 per cent to Rs40.03bn. The number of vehicles sold rose by 22.1 per cent to 99,261 while production increased by 26 per cent to 103,883 vehicles.

Analysts attributed much of the strong Telco first-half performance to an increase in profit margins. Operating profit margins rose to 14.1 per cent to 12.1 per cent.

Tony Tassell, Bombay

Deutsche Telekom may widen listings

By Gwen Robinson in Tokyo

Deutsche Telekom may seek to list on the Singapore and Hong Kong stock exchanges in the year following its initial public offerings in Tokyo, Frankfurt and New York later this month.

The German group, conducting its Japanese roadshow, said it saw Tokyo as a testing ground for possible future listings elsewhere in Asia.

Mr Joachim Kroeske, finance director, said the company expected to allocate about 5 to 8 per cent of its first public offering of 500m new shares to Asia.

He expected 13-18 per cent would go to the US, 8-12 per cent to Britain, and 5-8 per cent to the rest of Europe, leaving 62-67 per cent of the shares for the German domestic market.

"We are delighted with the strong interest already shown in the international tranches," he added.

Despite the high costs of maintaining membership on the Tokyo Stock Exchange, and its recent declines, the exchange was chosen as one of the first three markets for Deutsche Telekom because of its size - as the "second-largest capital market in the world", Mr Kroeske said.

In addition, the company is seeking to widen the range of investors on the institutional, as well as retail, side and believes that Japanese investors will find the stocks attractive as a result of the D-Mark's strength in Europe and the low level of inflation in Germany.

Mr Kroeske would not clarify reports that Deutsche Telekom hoped to forge a business partnership with Japan's largest telecommunication carrier, Nippon Telegraph and Telephone.

TV helps Viacom to 32% advance

By Christopher Parkes in Los Angeles

Viacom, the parent of Paramount Studios and MTV music television networks, outstripped expectations in the third quarter with a 32 per cent rise in net income from continuing operations, to \$102m. This pushed earnings per share up 59 per cent, to 27 cents, against 17 cents last time.

The results, which benefited from a \$1.3bn gain and other side-effects from the split-off of the group's cable interests, were hailed by Mr Sumner Redstone, chairman and chief executive, as a reflection of the "health and vitality" of all the group's businesses.

Although recorded music suffered in keeping with the industry-wide trend, MTV and Paramount set the pace in the quarter, in which television interests increased operating cash flow 14 per cent to \$211m on revenues up 18 per cent to \$650m.

The entertainment division, powered by Paramount's international successes with *Mission*,

Impossible and the domestic success of *First Wives' Club*, increased cash flow a more modest 10 per cent to \$79m, while revenues rose 17 per cent to \$355m.

Film results showed the effects of continuing increases in marketing costs, while music's problems dented the performance at Blockbuster, the group's troubled international video and music rental and retail business.

Revenues at the division embracing music, videos and theme parks rose 14 per cent to \$1.1bn, mainly because of a 4 per cent increase in the number of video outlets and improved same-store business. However, operating cash flow for the division was only 1 per cent higher at \$194m.

In a further cost-saving step, Blockbuster yesterday announced plans to move its headquarters from Dallas, Texas, to Fort Lauderdale, Florida, the main operating base for many of the group's businesses.

Plans to close 10 per cent of its music shops and other restructuring moves



Sumner Redstone: results reflect group's health and vitality

announced last month have been well received on Wall Street, which sees Mr Bill Fields, the Blockbuster chief recruited from Wal-Mart, as having made a good start.

"At Blockbuster... we are confident we have the right management team and the right strategic blueprint to enhance [cash flow] as well as revenue in the coming year," Mr Redstone said yesterday.

City confirmed at TVX site

By Karin Hope in Athens

The Greek government yesterday confirmed the discovery of an ancient city at Olympiada in northern Greece, where TVX Gold, the Canadian mining company, has been planning to build a \$200m gold extraction plant.

Ms Anna Diamantopoulou, the Greek development undersecretary, stressed the gold recovery project would go ahead because it was "important for the whole region".

"We know about the antiquities in the area, both the city being excavated on the coast and one identified at Olympiada," she said. "We

are not insensitive to the archaeologists' concerns."

She said the site would be selected in "about three months' time" from a list prepared by a team of experts from IGME, the state mining research institute, and Athens and Thessaloniki universities.

The team is to make a new study of TVX Gold's concession area on the Chalcidice peninsula.

TVX Gold, which earlier this week denied the discovery of the second city, is preparing to re-open the Olympiada mine, following the lifting of a blockade by local residents protesting against the gold extraction project.

Yesterday it said it had not been informed that an ancient city had been found at the mine site.

Mr John Hick, TVX Gold vice-chairman, said: "We are not aware of the discovery and there has been no official determination of the existence of a second city."

The ruins at Olympiada are controversial because of Greece's strict laws on protecting antiquities. While the government is committed to expediting TVX Gold's investment, a permit from the state archaeological service would be needed for the gold plant to be built.

Mr Dimitris Grammenos, head of Thessaloniki

museum and the senior state archaeologist in northern Greece, said the city was discovered in July after surface surveys outside the mining area. The archaeologists also visited the mining operations, which extended over part of an ancient cemetery, he said.

TVX Gold paid \$46m for the assets of Kassandria Mines, a bankrupt state-owned mining company included in Greece's privatisation programme. The company plans to use pressure oxidation to extract gold from a 200,000-tonne stockpile of ore residues from previous lead and zinc mining operations at Olympiada.

Back to the wall but ready to fight

The brochure sitting on the boardroom table at Wace Group was entitled, appropriately enough, Project Phoenix.

Mr Trevor Grice, chief executive, jabbed his finger at the front page - showing an artist's impression of the company's new packaging plant - and predicted Wace would bounce back after a week in which its share price almost halved following a second profits warning in six months.

The shares yesterday steadied at 88½p after falling on Thursday from 134½p to 99½p, cutting the market value of the specialist printing and packaging group from more than £100m to about £55m.

Mr Grice, who has the disarming habit of grinning every time he uses for breath, regards this week's announcement of plant closures, non-core disposals and likely losses as the action of a company limbering up for growth, rather than one with its back to the wall.

He claims Wace has been the victim of a market burdened with over-capacity and cut-throat competition, and was not the author of its own misfortunes.

Some City analysts are not so sure. Mr Alastair Irvine at

Wace's chief executive says it will bounce back, writes Tim Burt

Merrill Lynch says: "They have been at a loss what to do with this group for the past three years. And the collapse in trading profits is now a severe worry."

Ms Louise Barton at Henderson Crosthwaite adds: "I am assuming very little increase in demand and there may be a question mark over the final dividend."

Mr Grice, however, believes their concerns are misplaced. He maintains that Wace's latest trading statement simply represented an accelerated version of the group's on-going strategy.

"The fact, if any, is that we have tried to do a lot of things too quickly. If the market had been kinder there would have been barely a hiccup."

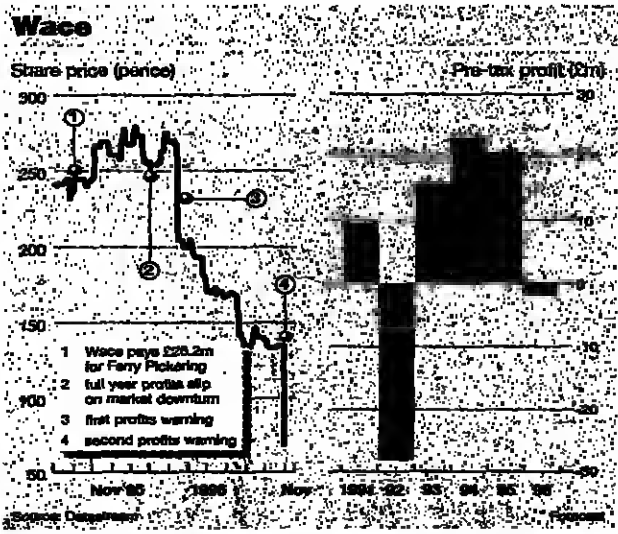
That may offer little relief to investors who have seen the shares fall from a high of 284p in the spring. It must be all the more galling for those longer-term ones who saw the stock recover from less than 50p in 1992, when controversy over share dealings involving former executives prompted an inquiry by the

Department of Trade and Industry.

Mr Grice, however, is right to point out that the latest problems have been largely market-related. All its markets have declined. But it has suffered most in corporate printing, involving production of company brochures and annual reports.

Intense pricing pressures and weak volumes in that sector - both in Britain and North America - have persuaded the group to scale back its activities. Plants will close in New York, Glasgow and Kent. Further US plants in Grand Rapids and Memphis have been earmarked for disposal, while a small Dutch printing outfit has also been put on the market. Also, management has been partly diverted by the integration of two recent acquisitions.

Wace has decided to merge its "wet glue" labelling activities with Ferry Pickering, the specialist packaging and carton group acquired for £26.2m last year. The company also has had to stem losses at its card finishing plant, acquired from Hall-



mark for £8.5m last year.

Mr Grice, has tried to keep yet more balls in the air by seeking strategic alliances in the US, where Wace is cutting from seven sites to three, and to move from five to two sites in France.

By taking £18.4m of provisions against this year's profits, Wace hopes to push through that reorganisation and concentrate on its high margin digital imaging activities. This is the area where it hopes to use market lead-

Jon Moulton quits Apex after 2½ years

By Katharine Campbell

Mr Jon Moulton, a specialist in large leveraged buy-outs, is quitting UK-based Apex Partners after just 2½ years.

Mr Moulton, 45, said he wanted "more flexibility and independence of action". He has not decided what to do next, but observers expect

him to set up his own fund. "In our industry, people make a lot of money and their objectives do change," said Mr Ronald Cohen, Apex chairman.

One of the industry's brightest, if maverick, deal-makers, Moulton was hired to develop Apex's large buy-out capacity. He said he

had invested about \$60m in ventures including Brands Hatch Leisure, the motor circuits owner poised for flotation. Not all his deals have borne fruit, though, notably the bid for Signet Group, the former Baxters Jewellery chain. "Obviously I famously failed to complete Signet but then completing deals is

easy if you pay too much," he said.

The founder and former managing partner of Schroder Ventures, Moulton fell out with the parent bank in 1994 after it attempted to impose tighter controls. He surprised many rivals, who assumed he would not want to submit again to the discipline of an existing partner-

ship, by moving to Apex, which had tried to hire him a decade earlier.

Both sides insist the parting - next February - is amicable. Mr Moulton says he will keep his directorships at six companies, and remain a partner of Apex's corporate finance arm.

WEEKEND BUSINESS

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IN THE MATTER OF THE COMPANIES ACT 1985

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COMPANIES AND FINANCE: UK

BSkyB attacked by investment adviser

By Raymond Snoddy

British Sky Broadcasting, the satellite television venture, has been criticised by Pire, the independent investment adviser, for not making all directors stand for re-election.

The Pire attack came as BSkyB announced a 31 per cent increase in pre-tax profits to £66m for the quarter to the end of September.

Mr Stewart Bell of Pire tried unsuccessfully to get a formal vote at the BSkyB annual meeting yesterday on proposed changes to the company's articles of association that enshrined the existing policy that directors of founder shareholders did not have to retire by rotation at the meeting.

Founder shareholders include Granada, Pearson, and Chargeurs, the proposed changes to the articles resulted from a demerger at Chargeurs and were designed to ensure that the directors nominated by the company which now holds the Chargeurs BSkyB stake, Pathe, would have the same rights as other founder shareholders.

Mr Bell, however, said the articles "were not in the best interests of shareholders" and were out of line with current best practice. He was supported by the West Midlands Pension fund, which wrote to BSkyB expressing "deep concern" at the proposals for the election of directors not fully accountable to shareholders.

The West Midlands fund argued that the proposals did not comply with the accepted best practices in corporate governance as derived from the work of Cadbury and Greenbury.

Mr Gerry Robinson, the BSkyB chairman, said the arguments had been registered but that the proposals had been accepted by 98 per cent of shareholders in postal votes. Earlier, Mr Robinson told the meeting that BSkyB was on course to launch its digital satellite service in autumn 1997. Up to 200 programme services are planned. This profits increase came on a first quarter turnover of £266m - a rise of 24 per cent.

Growth in the number of subscribers totalled 145,000 for the quarter compared with about 200,000 in 1995.

BSkyB blamed the dip on competition from the European Football Championships and Olympics on terrestrial television.

NEWS DIGEST

BrightReasons in Whitbread talk

Whitbread confirmed yesterday it was negotiating to buy the BrightReasons Restaurant chain amid signs that price was turning into a stumbling block. "Some of the earlier numbers of £8m are well out of court," said one analyst. The issue appears to revolve around Whitbread's intentions for the 180 restaurants. If it kept them under their existing brands such as Pizzaland and Bella Pasta it would have to pay a substantial chunk for goodwill. But that route presents several problems for Whitbread, the analyst said: the City has criticised it for large goodwill write-offs on previous acquisitions; it might be questioned by competition regulators because it is already a joint venture partner in Pizza Hut; and it has many of its own restaurant brands. Whitbread is thought to be keen on valuing BrightReasons for its own sites, indicating a value of about \$40m-£50m. It would convert most of them into Cafe Rouge, Doms bars, Costa Coffee bars and other types of restaurants and pubs. *Roderick Oram*

CIA suggests mediation

CIA MediateNetwork has put fresh proposals to Laser Sales, the ITV advertising sales house representing Granada and Yorkshire-Tyne Tees, to try to resolve a bitter dispute over money. The independent media buying agency said yesterday it was prepared to put the dispute to an independent body such as the Independent Television Commission for arbitration.

The ITV companies claim they are owed around £1m from last year's trading and have threatened to issue writs against CIA. Laser has also written to a number of CIA MediateNetwork clients warning if there is no agreement CIA's credit line and recognition will be withdrawn from the beginning of next year.

CIA said yesterday the maximum claimed by Laser was £332,453. Laser and the ITV companies it represents are still considering the latest CIA proposals. It is clear the threat to issue writs has not been lifted and will be used if agreement cannot be reached. *Raymond Snoddy*

UDO static but optimistic

UDO Holdings, the reprographics services group, yesterday described annual results as "disappointing" but was optimistic about the effects of recent restructuring. "Our disappointment...has underlined our absolute commitment to improve earnings from our two core businesses. Separating these two activities and building focused management teams for them is already beginning to produce benefits," said Mr Mike Wright, chairman.

Operations were this year split into two divisions: reprographics services, and drawing office supplies, equipment and service. Slower than expected reprographic sales growth and pressure on volume and margins in the other division contributed to static pre-tax profits of \$5.55m (\$9.52m) on turnover slightly ahead at £53m for the year to July 31.

Burtonwood Brewery ahead

Following the disposal of its free trade site, Burtonwood Brewery turned in pre-tax profits of £1.95m for the half year to September 23 against £1.51m last time, struck from turnover of £23m against £25.7m. The additional houses acquired with the purchase of the externally held shares in Vantage Inns have now been absorbed into the estate, which has 497 tied houses compared with 488 this time last year. Retail profits had been disappointing, the company said, but a planned development of the retail estate was under way.

TR Tech reconstruction

TR Technology, the investment trust, has agreed a reconstruction which gives its shareholders the chance to transfer to a new technology trust, the Heaton Technology Trust. HTT is making a series of options available to TRT shareholders, and is also proposing to raise an additional £146m net through a placing and offer for HTT shares and warrants. TRT aims to maximise capital growth via quoted technology companies. It is due to be wound up on April 30 1998 but the recommended reconstruction allows shareholders to continue their investment.

Shareholders can choose between maintaining exposure to technology through HTT, or continuing until April 1998 with a highly geared capital structure and the proposed liquidation programme. Avenues of investing in HTT available to TRT shareholders include one HTT C share for each ordinary TRT share, a stepped preference offer, zero dividend preference offer, and package unit offer. The reconstruction is to be implemented by SBC Warburg. *Jocan Gray*

Chemex International warns

A profit warning from Chemex International, the chemical and environmental analysis company undergoing a cost-cutting restructure, yesterday sent the shares down 4p to 74p.

The company said, however, that it did not intend to cut the dividend from 0.15p for the year to September. It said the profit fall reflected "the continued competitiveness of the market", although the volume of work was encouraging. It also announced the departure yesterday of Mr Colin Ulyatt, deputy chairman and finance director.

M&S Resources delays result

Midland & Scottish Resources said yesterday it would publish its results for the six months to June 30 on November 12, and requested a temporary suspension of its shares until publication. A delay in consolidating financial information from its Italian subsidiary has led to a short postponement in publication, it said.

Corp Executive Aim debut

Corporate Executive Search International shares started trading on Aim yesterday at 4p and closed at 4 1/2p.

The company, which specialises in the selection and placement of executives in the high technology and finance markets, came to the market via a placing of 23.5m shares at 3p. The company has a total of 156m shares, giving a market value of £4.68m. In the year to March it made pre-tax profits of £436,000 on turnover of £1.9m.

MONTHLY AVERAGES OF STOCK INDICES

	October	September	August	July
FTSE Actuaries Indices				
FTSE 100	4021.0	3927.1	3841.7	3707.2
FTSE 250	4436.4	4419.1	4358.1	4281.4
FTSE 350	2000.5	1992.1	1922.3	1892.5
FTSE Non-Financial	2089.13	2043.06	2002.27	1958.89
FTSE Financial Group	3292.82	3149.04	3078.43	2888.69
FTSE All-Share	1873.94	1838.37	1809.46	1844.67
FTSE Eurotrack 100	1764.30	1680.99	1645.82	1649.85
FTSE Eurotrack 200	1818.00	1746.74	1709.46	1682.92
FT/SEAP-A World Index	217.59	202.56	210.17	207.68
FTSE Indices				
FT Govt Securities	94.38	93.21	93.20	92.94
FT Fixed Interest	115.52	114.13	113.42	112.87
FT 30	2844.2	2822.3	2801.5	2721.5
FT Gold Mines	1897.51	1874.84	2089.39	2010.03
SEAO Bargains (5.00pm)	39.864	36.334	31.723	28.002
	Highest close	Out	Lowest close	Out
FTSE 100	4073.1	21st	3963.9	30th
FTSE 250	4482.7	22nd	4409.5	1st
FTSE 350	2022.1	21st	1977.1	30th
FTSE All-Share	1994.54	21st	1892.02	30th
FT 30	2870.1	21st	2799.1	30th

David Abbott to step down as AMV chairman

By Jane Martinson

Mr David Abbott, the man who introduced Henry Kissinger to advertising, is to stand down as chairman of Abbott Mead Wickers to spend more time working on the adverts.

The move was described as part of a "natural progression" by analysts. Mr Abbott, the 68-year-old founding partner of the agency, will relinquish his seat on the group board but will continue as chairman and creative director of the agency. Mr Abbott said: "At 68, I not only want to make room for younger management, but I also wish to devote even more time to the agency clients and to the advertising we produce for them."

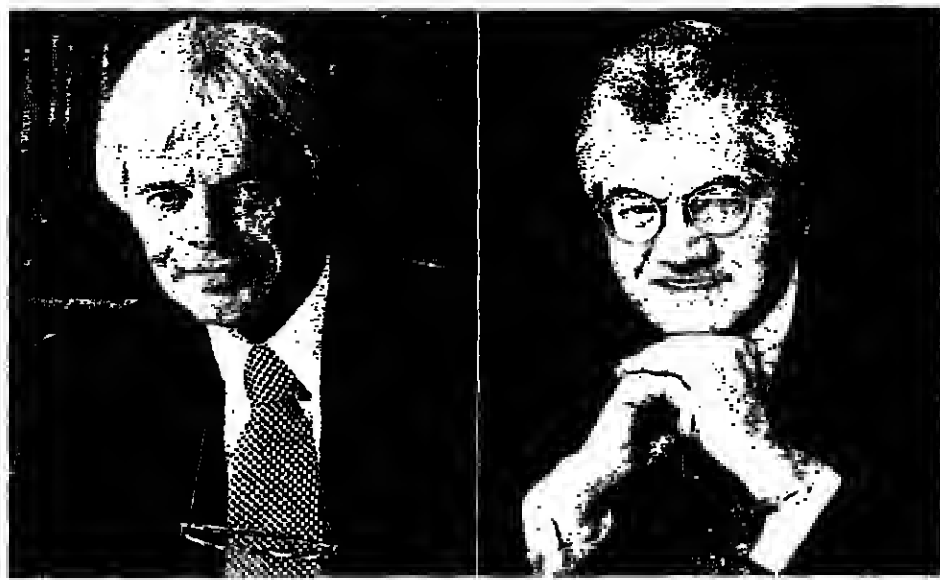
Mr Peter Mead, who also helped found the company in

1977, will become group chairman. He said the changes will make little difference: "I'll be writing the introduction to the annual report, but basically the message will be the same."

Mr Mead, who started his career as an account executive, has been the City's main point of contact in his job as chief executive, whereas Mr Abbott has continued to copywrite. His latest work includes last month's advertisement for the Economist magazine which featured Henry Kissinger's advertising debut. Other clients are J Sainsbury, British Telecommunications and Volvo.

As part of the reshuffle, Mr Michael Bauk, chief executive, will become group chief executive.

Mr Paul Richards, analyst at Panmure Gordon, said the



David Abbott (left) with his successor Peter Mead. The basic message will remain the same

"orderly" move was typical of a company which had never indulged in public bedroom rows. He said that Mr Abbott wanted to "relax a bit".

Three years ago, while continuing to work between 70 and 80 hours a week, Mr Abbott said: "My eyesight's going and my knees ache, so there are some older audi-

ences that I'm just beginning to understand."

In 1995 the group, which floated in 1985, appointed two younger managers. Mr Andrew Robertson, the 34-year-old managing director of the agency, became a board director, and Mr Peter Souter, 33, was named as Mr Abbott's successor as creative director.

In last year's report, Mr Abbott pointed out that the appointment of young blood was no prelude to a "cull of our mature herd". He continued that the partnership of "crahhed age and youth" was one of the strengths of the group, and said "long may they continue, or to be absolutely honest, long may we continue".

Ugland seeks £54m to finance acquisition

By Charles Batchelor, Transport Correspondent

Ugland International Holdings, the shipping group whose shares are suspended, yesterday announced a £54m share issue to help finance the acquisition of the Ugland family's vehicle carrier interests.

Ugland will acquire the family's 50 per cent stake in

Höegh-Ugland Auto Lines for an initial \$160m (£99.3m) and up to \$40m over the next three years.

Part of the consideration will be raised via the issue of 91.5m new shares and the deal will make Ugh the world's fifth largest vehicle carrier.

NatWest Securities has placed 50.6m of the new shares with US and UK insti-

tutions at 63p each, although allocations are subject to clawback from existing shareholders on a 7-for-3 basis.

Ugland's capitalisation will be £82.4m at the placing price, three times its value when the shares were suspended, at its request, at 69p on October 17.

A further \$1.3m new shares have been placed

with Andreas Ugland Holding, representing the interests of the three Ugland brothers. As a result, the total Ugland family shareholding will rise from 36.9 per cent to 42.5 per cent.

The balance of the initial payment will be met from bank borrowings.

Ugland will acquire control of seven vehicle carriers in the rival fleet of 14 as well as a

50 per cent stake in two more vessels owned through separate one-ship companies. It will take over an \$8m loan to acquire a 50 per cent stake in these companies, Transita Shipping and Trinita Shipping.

A special interim dividend of 1.52p will be paid for the year to December 31. Ugh expects the shares to be relisted on November 29.

Scott Pickford approached by three buyers

By Justin Marozzi

Scott Pickford, the oil exploration services and engineering group, has been approached by three potential buyers, it emerged yesterday.

Mr Antony Phipps, who controls Westclay, the largest shareholder with 25 per cent, said SP had received

two approaches from foreign companies in the oil exploration services industry.

Aerodata, an Australian airborne geophysical survey group, last night said it had received irrevocable undertakings from SP shareholders - all board members - representing 14.2 per cent of the equity, to accept a possible conditional offer of 45p a

share. SP shares closed unchanged at 35p.

A takeover could put an end to months of bitter struggle between competing factions on the board. The group is dealing with a call from Westclay to remove three directors and a requisition from a group of small independent shareholders to appoint two new directors.

Mr Don Scott, the founding chairman of SP who holds almost 8 per cent of the company, has written to shareholders ahead of Tuesday's EGM urging them to reject proposals to change the board.

He describes the requisition as "aimed solely at achieving board control for the shareholder group with-

out due regard for the commercial objectives of the group".

In September, Mr Maxwell Scott, the chairman brought in 11 months ago to mediate between the two competing factions, and another director were ousted in an angry annual meeting amid charges of a coup d'état by rebel shareholders.

Alcopops leave a nasty hangover in their wake

Every bottle a drinker can see behind the bar is a "facings" and Matthew Clark used to have lots of them. Its Diamond White and K ciders often had three each in the top of bar fridges, catching the eye of consumers looking for something fashionable to drink. Now one of each lags behind on the bottom shelf, shouldered aside by alcopops including four flavours of Hooper's Hooch, the biggest in the new wave of faddish alcoholic fruit drinks. The demotion has devastated Diamond White and K. Their sales suddenly plummeted 50 per cent in July and August, dragging profits and staff morale with them. After Matthew Clark sprung the news on shareholders at its September AGM, its share price halved and investor confidence evaporated. "This is supposed to be a stable and defensive sector within the fashionable end. Brands don't usually disappear off the face of the earth in eight weeks," one analyst said. Yet HP Bulmer Holdings, the cider market leader, has been far less hit by alcopops. Compared with Matthew Clark, it is less exposed to premium bottled cider and spends much more

Roderick Oram analyses the troubles facing Matthew Clark

on brand promotion, critical to catching fickle fashion drinkers.

Matthew Clark admitted in September that its marketing and promotion efforts had failed. This week it outlined its recovery strategy but it will only develop the details in time for its January interim results.

The outline "leaves a huge number of questions," one analyst said.

The biggest are: did any other ciders, yet to be disclosed, lie behind the drop in volume? Does Matthew Clark have the management and culture to excel at brand promotion? How big a hit on profits will the cost of effective marketing and brand support make?

The company insists the problem is only a lack of advertising and promotion of the brands. "Diamond White is a fashionable drink - not a cider - and it has to be treated like one," a Matthew Clark executive said. This is a revelation for a company preoccupied with takeovers and cost cutting rather than brand building.

Matthew Clark was a sleepy family-run drinks company until Mr Peter Aikens became chief executive in 1990. Drawing lessons from his career on the brewing, technical and distribution side at Courage, the brewer, he pulled off a flurry of rights issues funded acquisitions, including cider makers Taunton and Gaymer. With unusual speed and ferocious focus on cost cutting he and his team created a completely new company. But sometimes, it seems, they have taken lean to the extreme. To reduce distribution costs, for example, it delivers its ciders through Freetraders, its drinks wholesaler.

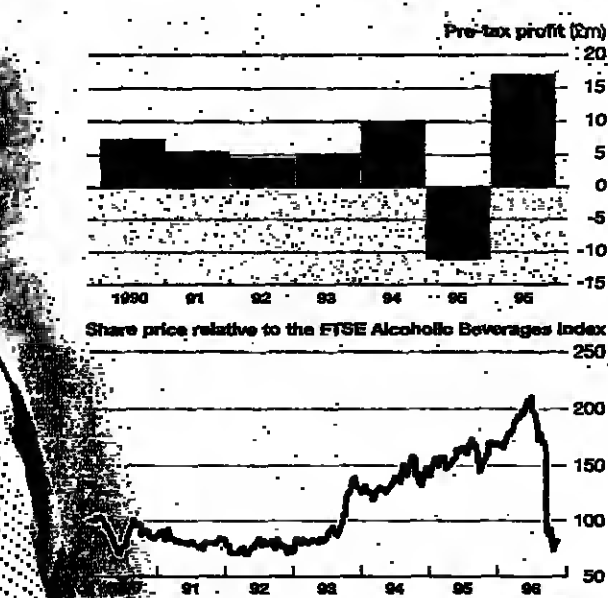
"The last thing I want is Freetraders' trucks turning up outside my tenanted pubs," said the chief executive of a leading pub chain. His tenants might be tempted to buy beers from Freetraders.

This week, Matthew Clark acknowledged it had cut too deeply into sales and marketing. It said it was increasing staff in those areas of its

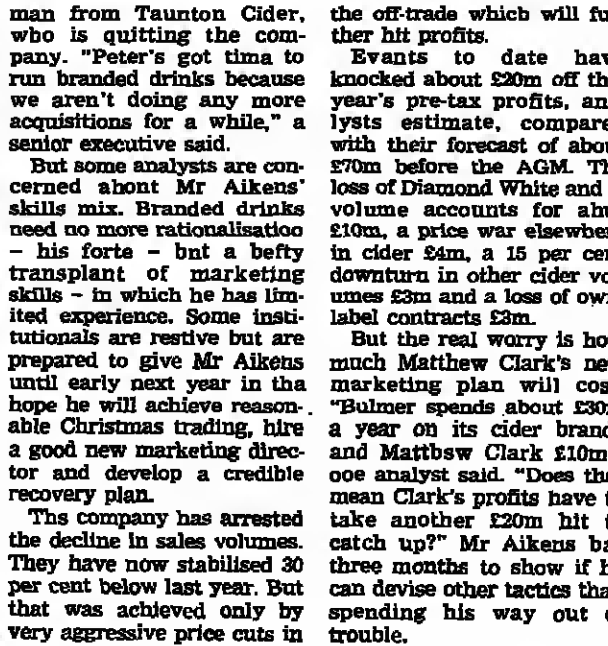


branded drinks division by 40 to 210. It was also seeking a senior marketing executive to join the board. Meanwhile, Mr Aikens has taken charge of the branded drinks division, representing the bulk of group activities. He displaces Mr Andrew Nash, an experienced marketing

Matthew Clark



Share price relative to the FTSE Alcoholic Beverages Index



RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividend yield (%)	Total for year	Total last year
BSkyB	3 mths to Sept 30	296 (214.5)	66.3 (50.5)	3.9 (3.1)	-	-	-	-
Burtonwood	6 mths to Sept 28	23 (25.7)	1.95 (1.91)	8.2 (8.1)	1	Feb 27	0.9	5.5
Delays	6 mths to July 31	1.04 (10.2)	0.281 (0.485)	2.18 (3.57)	0.5	Nov 29	0.5	10p
Keweenaw	6 mths to June 30	0.425 (6.1)	0.78 (0.528)	0.78 (0.52)	-	-	-	-
London Stock	6 mths to June 30 (977)	0.281 (0.977)	0.417 (1.5)	5.9 (6.7)	nil	-	8.5	8.5
UDO	7m to July 31	53 (52.4)	6.954 (6.52)	15.32 (15.21)	7.75	Dec 13	7.08	10.5
Investment Trusts								
Freeflight	3 mths to June 30	(-)	(-)	(-)	1	Nov 29	1	4.9
MCT 1995 Fund	6 mths to Sept 30	436.3 (377.5)	1.69 (1.65)	11.27 (10.97)	9	Dec 17	9	18.25
MCT 1995 Fund	6 mths to Sept 30	45.5 (40.5)	1.73 (1.12)	2.06 (1.72)	2.25	Dec 17	1.55	3.55

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. †After exceptional charge. ‡On increased capital. ††Included 5p special. ‡‡Gross rental income.

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Signs of recovery for copper

By Susanna Voyte
A volatile week for copper prices came to a close yesterday with late surges of trading pulling the metal back from the day's low.

Table with 2 columns: Metal Name, Price Change. Includes Aluminum, Copper, Lead, Nickel, Zinc, Tin.

ended yesterday at \$1.958. Earlier in the day prices had gone down to \$1.919. A fresh fall in warehouse stocks failed to affect prices significantly.

Overall the market continues to range roughly between \$1.900 and \$2.000, said one trader. "It has been hit by profit taking on any upside probe."

A fall in zinc stocks combined with recent investment fund buying aided an earlier rally, pushing the metal to a five-and-a-half month high of \$1.075 a tonne.

Traders said that zinc had the potential to push higher next week, but warned that any weakening in copper prices could dent the upward trend.

Table with 2 columns: Metal Name, Price Change. Includes Gold, Silver, Platinum, Palladium, Nickel, Zinc, Tin.

a large increase in stocks was announced. It ended the day at \$1.495, down 813 on the day.

On London's international Petroleum Exchange yesterday, crude prices failed to pick up much from Thursday's slump which was prompted by the announcement of a Kurdish ceasefire with Iraq.

Traders had interpreted this as bearish news for the oil market as it could bring Iraqi oil back to the market sooner.

Brent Blend for December delivery, the international benchmark rate, was trading at \$22.295 a barrel late yesterday from an opening of \$22.55.

Brokers said a price slip in late trading yesterday came after selling pressure built up when crude on the New York Mercantile Exchange appeared to be testing the psychological support of \$23 a barrel.

Gas oil yesterday failed to bounce back after starting lower on the back of Thursday's slump in crude.

November gas oil closed \$7 lower at \$212 a tonne, 75 cents above the session's lows, having started the day's trading at \$214.

The week saw another sell-off in sugar. GNI research said the selling was triggered by further indications of a bumper harvest in China, coupled with the first Cuban freight order of the season.

BASE METALS

LONDON METAL EXCHANGE

Table with 2 columns: Metal Name, Price Change. Includes Copper, Aluminum, Lead, Nickel, Zinc, Tin.

Table with 2 columns: Metal Name, Price Change. Includes Silver, Platinum, Palladium, Gold.

Table with 2 columns: Metal Name, Price Change. Includes Tin, Lead, Zinc, Nickel, Copper, Aluminum.

Table with 2 columns: Metal Name, Price Change. Includes Tin, Lead, Zinc, Nickel, Copper, Aluminum.

Table with 2 columns: Metal Name, Price Change. Includes Tin, Lead, Zinc, Nickel, Copper, Aluminum.

Table with 2 columns: Metal Name, Price Change. Includes Tin, Lead, Zinc, Nickel, Copper, Aluminum.

Precious Metals continued

GOLD COMEX (100 Troy oz \$/troy oz)

Table with 2 columns: Date, Price Change. Includes Gold, Silver, Platinum, Palladium.

Table with 2 columns: Date, Price Change. Includes Gold, Silver, Platinum, Palladium.

Table with 2 columns: Date, Price Change. Includes Gold, Silver, Platinum, Palladium.

Table with 2 columns: Date, Price Change. Includes Gold, Silver, Platinum, Palladium.

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Table with 2 columns: Date, Price Change. Includes Gold, Silver, Platinum, Palladium.

GRAINS AND OIL SEEDS

WHEAT LIFTS (¢ per tonne)

Table with 2 columns: Date, Price Change. Includes Wheat, Corn, Soybeans, Barley.

Table with 2 columns: Date, Price Change. Includes Wheat, Corn, Soybeans, Barley.

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SOFTS

COCOA LIFTS (¢/tonne)

Table with 2 columns: Date, Price Change. Includes Cocoa, Coffee, Sugar.

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MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000 lbs cwt)

Table with 2 columns: Date, Price Change. Includes Live Cattle, Hogs, Pigs.

Table with 2 columns: Date, Price Change. Includes Live Cattle, Hogs, Pigs.

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WORLD BOND PRICES

MARKET REPORT

By Richard Adams in London and Lisa Branstetter in New York

Continuing market fears of interest rate rises and looser fiscal policy in the UK sent gilts lower yesterday.

Gilt prices were also not helped by the fall in US Treasury after the release of economic data across the Atlantic.

At Liffe, the long gilt futures contract settled at 108 1/2, a fall of 1/8 from the previous day.

Expectations of interest rate increases were seen in falling prices for sterling interest rate futures.

Table with 2 columns: Bond Name, Price Change. Includes UK Treasury, US Treasury, German Bund, Japanese Gilt.

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US INTEREST RATES

TREASURY BILLS AND BONDS

Table with 2 columns: Instrument, Rate. Includes Treasury Bills, Treasury Bonds, Treasury Notes.

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LONG GILT FUTURES OPTIONS (LIFTS) £50,000 30 days of 100%

US TREASURY BOND FUTURES (CBT) \$100,000 30 days of 100%

Table with 2 columns: Instrument, Price Change. Includes Long Gilt Futures Options, US Treasury Bond Futures.

Table with 2 columns: Instrument, Price Change. Includes Long Gilt Futures Options, US Treasury Bond Futures.

Table with 2 columns: Instrument, Price Change. Includes Long Gilt Futures Options, US Treasury Bond Futures.

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Table with 2 columns: Instrument, Price Change. Includes Long Gilt Futures Options, US Treasury Bond Futures.

Table with 2 columns: Instrument, Price Change. Includes Long Gilt Futures Options, US Treasury Bond Futures.

FRANCE

NATIONAL FRENCH BOND FUTURES (MATF) FR500,000 (Oct 31)

Table with 2 columns: Instrument, Price Change. Includes National French Bond Futures.

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Table with 2 columns: Instrument, Price Change. Includes National French Bond Futures.

GERMANY

NATIONAL GERMAN BOND FUTURES (LIFTF) DM250,000 100% of 100%

Table with 2 columns: Instrument, Price Change. Includes National German Bond Futures.

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ITALY

NATIONAL ITALIAN GOVT. BOND (BTF) FUTURES (LIFTF) Lit200m 100% of 100%

Table with 2 columns: Instrument, Price Change. Includes National Italian Govt. Bond Futures.

Table with 2 columns: Instrument, Price Change. Includes National Italian Govt. Bond Futures.

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Table with 2 columns: Instrument, Price Change. Includes National Italian Govt. Bond Futures.

UK Gilts

UK Gilts Price Indicators (New 11) 100% of 100%

Table with 2 columns: Instrument, Price Change. Includes UK Gilts Price Indicators.

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FINANCIAL TIMES

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Saturday November 2 1996

The luck of the Clintons

Spare a thought, as the US election returns come in next Tuesday, for Mr George Bush. Nearly 11m new jobs, a 9% per cent rise in GDP, low and stable inflation - over the past four years all these might have been his. But a rogue presidential candidate, in the form of Mr Ross Perot, and a rogue lot of economic statistics gave these years of plenty instead to Mr Bill Clinton.

In the summer of 1992 the US was already well embarked upon what has been the longest expansion without a single quarter of negative growth this century. Unfortunately for Mr Bush, no one knew it at the time. All the voters could see was that growth had averaged only 1.2 per cent during his term, compared to 2% per cent during the Reagan years.

To preside over a brief recession during one's first term as president is unlucky. But the gods of the economic cycle must have been truly scowling on the White House to grant the incumbent a spirited recovery properly recognised only a few days after the election. For the last months of the campaign, all that Mr Bush had to show as proof of recovery was a meagre 1.4 per cent annual growth rate in the second quarter of 1992.

The third quarter growth figures, released the week before polling day, showed things were improving, with an estimated annual growth rate of 2.7 per cent. But by then it was too late. The feel-good factor was so entrenched that many voters simply refused to believe the new figures.

Changing statistics

As it turned out, the figures were indeed wrong. By late November the statisticians at the Commerce Department had recanted. The economy had not grown by 2.7 per cent, they admitted, but by 3.9 per cent. Good news for the economy, and for the president-elect. Calling news for Mr Bush.

Cut now to 1996, and a neat reversal of economic history. This week's GDP figures showed a sharp slowdown in growth in the third quarter, to an annual rate of 2.2 per cent. Once again, though, the news seems to have come too late to help the Republicans. And Mr Clinton had a more impressive previous quarter's growth rate of 4.7 per cent to brag about throughout the summer. The voters probably do not feel as good as they might. But the economic optimism is palpable -

and in stark contrast to 1992. Does Mr Clinton deserve any of the credit for this happy conjuncture of the economic and political cycles? Perhaps a smidgen. His opponents promised that the tax increases in the 1993 budget would stall the recovery. It turned out to be a smart way to boost investment by reviving confidence in the hood market and to speed the cyclical decline in the federal budget deficit already underway.

But the president did not - contrary to his campaign propaganda - create those 10.9m jobs. Nor did he keep inflation broadly stable at an average rate of around 2% per cent. The credit for these achievements rests squarely with the economic cycle, the flexibility of the US economy, and the Federal Reserve's luck and skill in ensuring the two remained more or less in synch.

Economic control

Mr Alan Greenspan, the Fed chairman, has not put a foot wrong since Mr Clinton was elected. In fact he has done so much for the incumbent that some have questioned his right to call himself a life-long Republican. The clincher came in August, when he declined to raise interest rates in the face of what many considered unsustainable growth.

The decision not to tighten policy was a gamble. But the data released since then have generally supported it. Yesterday's payroll figures for October showed a rise of 210,000, which is the average monthly increase for the year so far. These came after a string of figures showing, among other things, a slowdown in growth of personal consumption and employment costs. It is too soon to tell whether the economy has slowed enough to defer an increase in interest rates until next year. But Mr Clinton has been saved an inconvenient pre-election increase.

The only other economic cloud on Mr Clinton's pre-election horizon was the possibility of a stock market fall. But even Mr Dole has probably given up hoping for such an election-eve miracle. The President, in other words, is home free.

If and when he does win on Tuesday, Mr Clinton may well heark back to the mantra that proved so successful in 1992 - that "it was the economy, stupid". But if it was the economy won't it, it most certainly was not Bill Clinton.

An economic stitch in time

This week's rate rise in the UK may give the chancellor the space he needs to approach the election with prudence, says Robert Chote

Cynicism is deeply ingrained among seasoned observers of British economic policymaking - which is hardly surprising considering the historical record.

So while Mr Kenneth Clarke, the chancellor, was portraying this week's decision to raise interest rates as evidence of his determination to resist inflation, MPs and economists could not help wondering what other surprises he might have up his sleeve.

Suspensions naturally focused on the Budget, now barely three weeks away. Conservative backbenchers hoped - and some City pundits feared - that what Mr Clarke had taken away by raising rates he would more than give back through cuts in taxes.

This unsettled the currency markets. After rising strongly in the immediate aftermath of Wednesday's quarter-point rate increase, the pound had what one analyst described as "the most amazing up-and-down day" on Thursday.

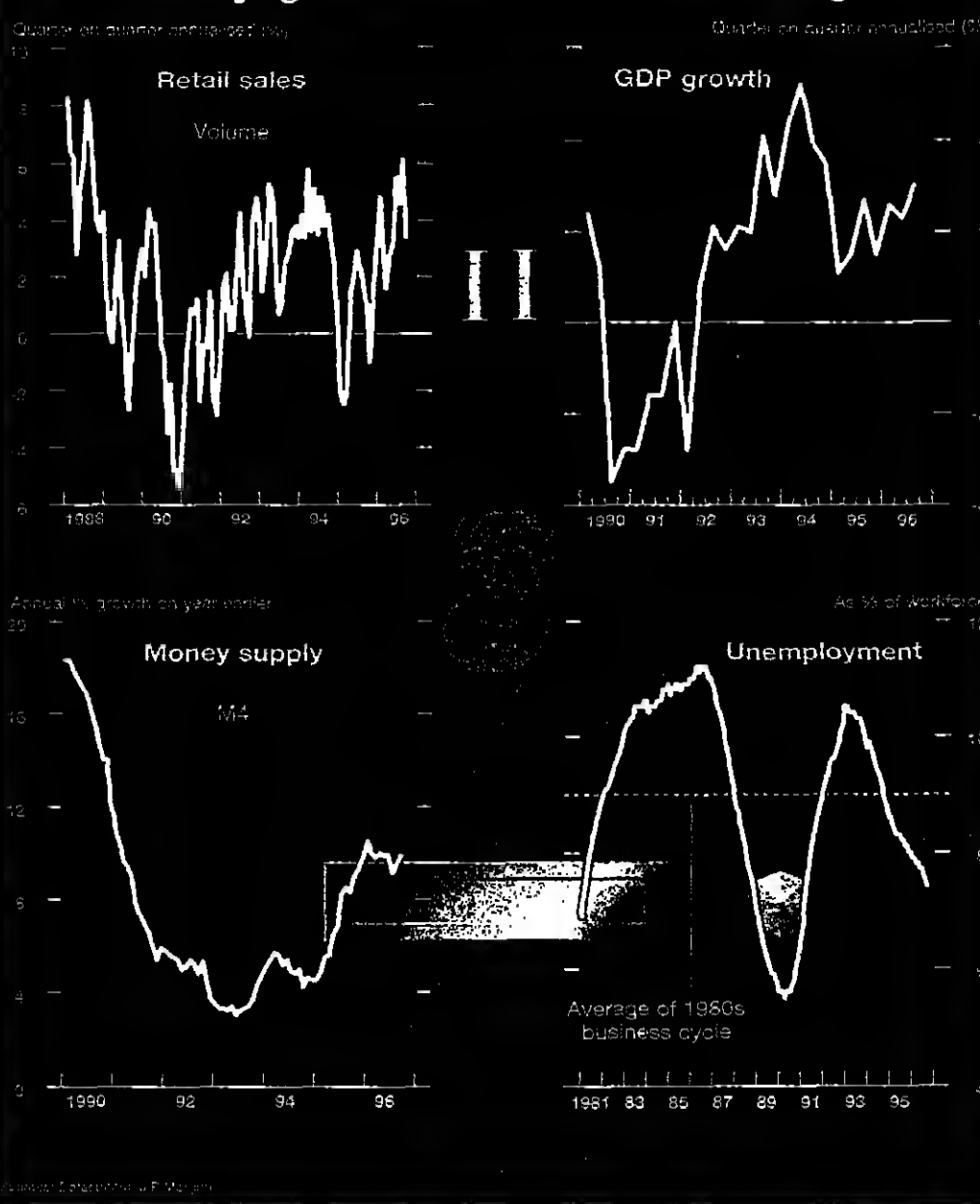
In spite of the measures taken since 1992 to enhance the openness of policymaking in the UK, the relationship between Budgets and interest rates remains shrouded in mystery. The minutes of the monthly meetings between the chancellor and Mr Eddie George, the governor of the Bank of England, tell the truth - but not the whole truth. Discussion of tax and public spending plans - and the ways in which they impinge on interest rate decisions - are systematically removed from the written accounts of the meetings before they are published.

Perhaps more important are the Budget confidences which pass between the chancellor and the governor over lunch. At least as frequent as the formal monetary meetings, these unpublished talks take place alternately at the Bank and the chancellor's official residence at No 11 Downing Street, with only a single official present to take notes. They range widely over topics of mutual interest, of which the content of the Budget would certainly be one.

But there is no evidence yet that the chancellor is planning to play Mr Nice Guy on taxes after playing Mr Nasty on interest rates. Mr Clarke has waged a dogged and largely successful campaign to dampen expectations of a pre-election giveaway since the Scottish Conservative party conference earlier this year.

The Bank, the International Monetary Fund and Treasury officials have made clear that big tax cuts cannot be justified on economic grounds, with stronger growth forecast and tax revenues mysteriously weak. In its annual health-check on the UK economy this summer, the IMF urged a tightening of about £3bn (\$4.9bn),

UK economy: good news for No.11 Downing Street



The chancellor knew his decision to acquiesce to the Bank's desire for higher interest rates would prompt betting on a giveaway package. "It had nothing to do with the Budget," he insisted after the move was announced. "The Budget is there to look after the public finances. I'm going to set a Budget that will keep us on course for a balanced budget over the medium term."

Mr Clarke said he had raised rates to nip inflation in the bud, just as in September 1994. He said the economy had grown at around its long-term trend rate in the first half of the year, accelerated in the third quarter and was now set to expand by more than 3 per cent in 1997. Mr George added that, by moving now to moderate the acceleration in the economic upswing, the chancellor would limit the amount by

which rates eventually had to rise. But no one expects this week's move to do the job on its own, especially as it was too small to prompt a rise in mortgage rates. Mr Bill Martin at UBS, the investment bank, described it as "a teaspoon to stop a tide".

The financial futures market predicts rates will rise from their present 6 per cent to 6.25 per cent by Christmas and 6.5 per cent by the spring. Mr David Mackie, at J.P. Morgan, the investment bank, expects 7.5 per cent by this time next year.

There are plenty of signs that the economy is gathering momentum. Not only is growth stronger now than in the first half of the year, it is also being built on broader foundations. The service sector has been expanding rapidly for some time, but

manufacturing has now begun to emerge from the mini-recession of the past year. Retail sales meanwhile grew at an annual rate of more than 3 per cent between the second and third quarters of the year, while bank deposits have risen sharply.

Mr Mackie argues the labour market is also tightening, which will put upward pressure on wages. Unemployment has fallen below the average rate over the business cycle of the 1990s and should soon fall below 2m.

There is evidence that the recent decline in unemployment partly reflects people dropping out of the labour market. But Mr Mackie dismisses the idea that this is merely disguised unemployment: it is caused by increases in the number of young people staying on in higher education and the number of older

people taking early retirement. These groups cannot be attracted back into the labour market quickly when shortages of workers arise, he says.

Others see no signs of inflationary pressure that needs easing. Mr Peter Warburton at Robert Fleming, the investment bank, argues that economic growth is being exaggerated by the untypically rapid growth of financial services. And the fast expansion of the money supply owes more to corporate takeover activity than to consumers preparing to go mad in the shops, he says.

Mr Warburton judges Wednesday's move a mistake: "At a time when no other country of any size is raising interest rates, there is no good reason for us to."

The Bank of England was clearly pleased by Mr Clarke's decision, and will indicate how pleased in Wednesday's quarterly Inflation Report. In August the Bank gave the chancellor only a 40 per cent chance of hitting his target for inflation of 2.5 per cent or less in the medium term.

Since then the economy has strengthened and inflation has failed to decline further as expected. But the pound has risen by about 7 per cent. On the usual rule of thumb, this is equivalent to 1.75 percentage points on interest rates if it is sustained.

"The chancellor has preempted criticism in the Inflation Report," argues Mr Geoffrey Dicks, at NatWest Markets, the investment banking arm of National Westminster Bank. He adds that the Bank would probably now give the chancellor a 50-50 chance of hitting his target.

But Mr Richard Jeffrey at Charterhouse Bank doubts Mr Clarke has done enough. "By raising rates a quarter-point he has focused attention on the fact that he is not as optimistic as he was, but he has not done enough materially to affect the outlook for inflation."

Most City economists believe the chancellor's caution on interest rates presages a similarly cautious Budget on November 26. The consensus view is that tax cuts will centre on a 1p cut in the basic rate of income tax (now at 24 per cent) and perhaps a widening of the 20 per cent lower-rate band. This would be paid for by further trimming public spending plans, with money perhaps also saved by scaling down tax relief on profit-related pay.

But if the tax giveaway is bigger than the markets think prudent, it could undermine sterling's recent strength and force the chancellor into an embarrassing rate increase nearer the election. So, to borrow one of Mr Clarke's favourite phrases, good economics might prove to be good politics.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5538. E-mail: letters.editor@ft.com. Published letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

Eloquence of a rise in interest rate

From Mr Austin Mitchell MP.
Sir, An interest rate rise of a quarter of 1 per cent doesn't sound much but it symbolises a lot. It says that the UK government thinks any further falls in unemployment will be inflationary and must be avoided. It says that manufacturing, which already faced a 30 per cent rise in relative export prices since we left the ERM plus a 10 per cent rise in the nominal exchange rate

over the last few weeks, will be further hit, even though its output is virtually the same as when we entered the EEC. It says that real interest rates, which have been rising with every fall in inflation, will remain far too high. It says that export-led growth is ruled out and the economy will have to be kept going by high horrowing at even higher rates of interest. It says the chancellor, Kenneth Clarke, is beginning

to fear that the game is up so he might as well leave Labour to inherit the consequences. It says that we're not going to seize the opportunity of a Europe locked in Maastricht deflation to win back some of the trade and markets we've lost. How eloquent such little things can be.

Austin Mitchell,
House of Commons
London SW1A 0AA, UK

Windfall is of Labour's own making - and unfair

From Mr Philip Hollobone.
Sir, What Labour calls a windfall ("Impact of Labour's tax plan assessed", October 31) would seem to be partly of its own making. While accusing the Conservatives of privatising companies too cheaply, the Labour party ignores the fact that rather than trying to maximise sale proceeds for the taxpayer, it has repeatedly talked down the flotation value of state assets through its own negative comments in the issuing prospectuses.

Privatised BT was to be brought back by Labour into "social ownership" with the forced exchange of voting for non-voting shares at no more than the flotation price. Privatised British Gas was to be turned into a British Gas and Oil Corporation. Labour promised to "regain a controlling share of BAA". The water industry was to be "an early candidate for a return to some form of public ownership", while the regional electricity companies were to be "publicly owned" with a Labour government taking control of the National Grid.

It would seem particularly unfair for Labour to promise a tax now on the share price gains they themselves helped to create by trying to undermine the privatisation process on flotation.

Philip Hollobone,
41 Upwood Road,
Lee,
London SE12 8AE, UK

Different views on Russia in most respects

From Prof Richard Pipes.
Sir, I do not mind when John O'Mahony, reviewing Orlando Figes's *A People's Tragedy* (October 19/20), criticises me for allegedly writing "dogma-ridden 'top-down' history" and being "Russophobic". I have heard worse, especially from people like Mr O'Mahony who have given no published evidence of expertise in the field of Russian history.

But I must protest on behalf of the late E.H. Carr, since he cannot defend himself, at Mr O'Mahony listing him, alongside me, as an "eminent cold-war historian".

Mr Carr and I differed in almost every respect in our views on Russia and the Russian revolution. He regarded the revolution as inevitable and progressive, and called for collaboration

with the USSR, much as in the 1930s he had urged the appeasement of Hitler. One is forced to wonder whether Mr O'Mahony ever read Carr.

Richard Pipes,
Baird Professor of History,
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Inappropriate The right agenda for the WTO

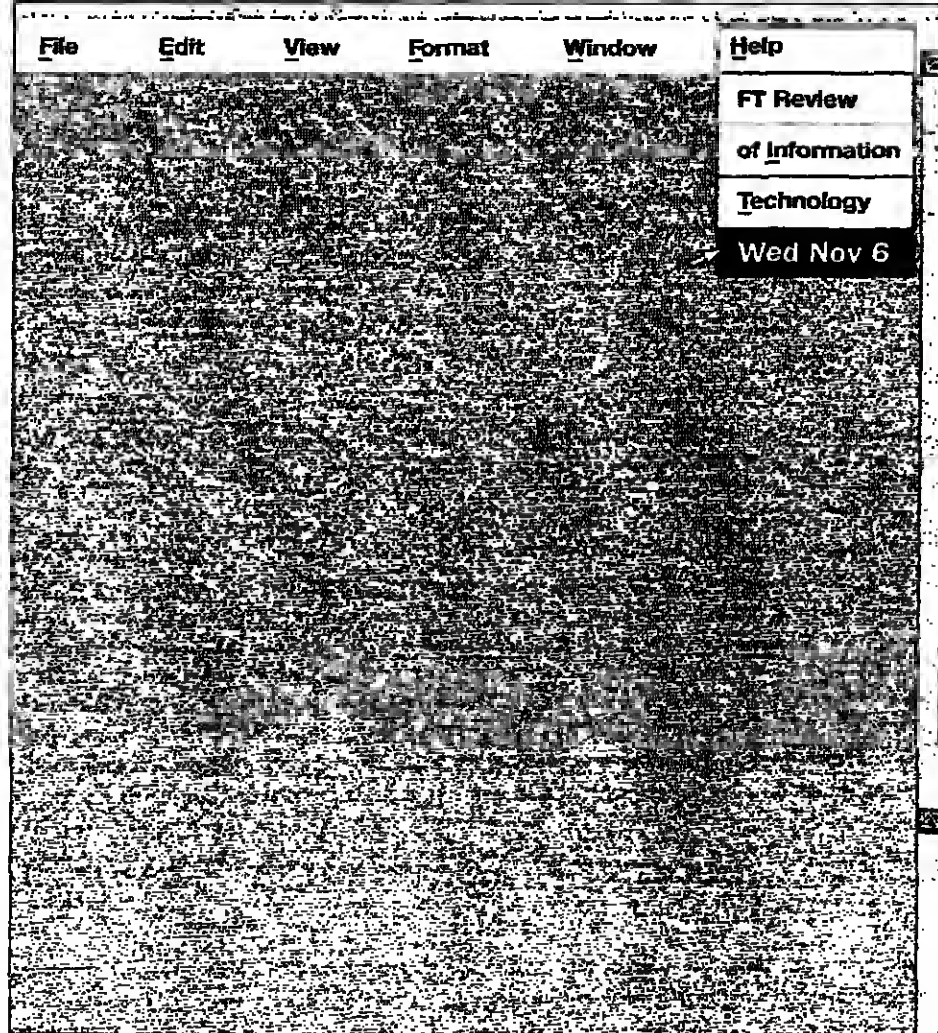
From J.E. Spence.
Sir, Why does Patti Waldmeir, in an otherwise excellent article ("Bill Clinton in a dress" leads labour bid to re-enter politics", October 29), describe a candidate for the forthcoming Congressional elections in the US as "thick anekd"?"

From Mr R.G. Allwork.
The internal workings of the World Trade Organisation are in place and functioning well. The agenda for the Singapore summit should be the agenda of the WTO itself: that is, the fundamental question of how we humans exploit the resources of the world to feed ourselves (the laws of property) and how we combine together to do this (the law of combination/Labour law). The experience of the General Agreement on Tariffs and Trade since 1948 has proven that a system of

law based upon a free trading system is at the centre of the answer to these questions.

The WTO should set its agenda accordingly and use Singapore to ask these two questions of its member countries, to further the movement towards a free world. The debate is too fundamental to be left to any single country to dictate.

R.G. Allwork,
4 Curzon Drive,
Church Crookham,
Hampshire GU13 0JL, UK



The FT-IT Review, the Financial Times' comprehensive update on the latest developments in information technology, will be published on Wednesday, November 6.

This month's review focuses on the digital revolution in the office, looking at the latest trends and assessing what is in store. There will be an in-depth examination of intranets and how companies are exploiting the opportunities of Internetworking.

No FT, no comment. For a pointer on what the future of IT holds, make a note of November 6.

Decoding vision

Man in the News • Mobutu Sese Seko

The dinosaur at bay

Michela Wrong on the vacuum left by Zaire's ailing president



The Beau Rivage Palace, a neo-baroque hotel on the shores of Lake Geneva, is a long way from the fighting in eastern Zaire. Yet the fate of the country - and conceivably much of equatorial Africa - could be determined by the state of health of the ailing dictator sheltering under its roof.

For if President Sese Seko Mobutu, reportedly stricken with prostate cancer, is unable to rally his retreating army, Zaire could disintegrate. The rebel Banyamulenge are now close to smothering a swathe of Kivu province, and the resulting turmoil might extend as far as Zambia in the south, Angola in the south-west and Uganda and Tanzania in the east.

But the 68-year-old president has barely reacted to events in Kivu, except to exhort his nation to greater efforts. He has shown no signs of cutting short his stay in Switzerland to return to the country he has led for more than 30 years.

Nor has he dispatched the elite presidential guard, normally summoned in times of crisis, to Kivu where the regular army is living up to its reputation as Africa's most indisciplined force. The truth is that, illness aside, President Mobutu's power has been on the wane for years.

Observers have long marvelled that Zaire, Africa's

second-largest nation and home to more than 200 tribes, has remained unified for so long. There have already been several secession wars over Shaba, the copper and cobalt-mining province bordering Zambia - including one immediately after the country became independent from Belgium in 1960. Shaba declared itself autonomous from Kinshasa a few years ago.

Kasai, the diamond-rich central province, is overwhelmingly loyal to Mr Etienne Tshisekedi, the opposition leader. Residents refuse to use currency printed by the central bank and would also dearly like to break away.

That Zaire has not already been consumed by an enormous conflagration owes much to the president's personality. The former Lt Gen Joseph Desiré Mobutu was hailed as a saviour when he seized control in 1965, as wrangling among civilian politicians threatened to split the nation.

The meteoric rise of the cook's son can be attributed to a combination of physical ruthlessness and political

cunning. Applied to the army, his coterie and opponents, his policy of divide and rule proved effective. When he could not buy out his enemies, he killed them.

Above all, he played the superpower game with consummate skill, selling himself to Washington as a bastion against Soviet encroachment on the continent. France, Belgium and Morocco intervened in the 1970s and 1980s to help crush secessionist rebels, and an array of nations, led by the US, provided arms and security assistance.

In the years that followed, he established a personality cult that has left its mark on Zaire's 38m population. In his only attempt to lend some ideological content to his rule, he launched "authenticity", a return to African roots that obliged Zaireans to abandon western suits, dresses and ties and reject Christian names - starting with his own name change.

Memorably dismissed by Mr Bernard Kouchner, the former French humanitarian aid minister, as "a walking bank balance with a leopard

skin cap", Mr Mobutu has never made a distinction between state coffers and his own funds. The leader who once told his population corruption was acceptable as long as they only "stole a little" practised no such restraint. He has funnelled millions of dollars into Swiss bank accounts and Riviera residences, making Zaire one of the first states to be described as a kleptocracy.

By the 1990s, the cold war was over, democracy was sweeping Africa and the west was embarrassed by his excesses. Pressed for political reform, he showed his old skills: back-peddling, co-opting his opponents, dragging the whole transition process out for what has now been six long years.

But two rounds of army-led looting in the early 1990s showed that central authority was breaking down. Although dithering by the west and the opposition allowed him to survive those challenges, Mr Mobutu's horizons shrank.

He rarely dared to spend a night in the capital Kinshasa, preferring his riv-

erboat or the palace built at his home village of Gbadolite, in the depths of the forest. From there he monopolised the trade in diamonds, Zaire's vital commodity after the copper industry collapsed during the 1980s.

Rwanda's crisis allowed him to return to the international stage. With his country hosting 1.1m Hutu refugees, western states that had scorned him needed his help - particularly France, which wanted to use Zaire as a base for Operation Turquoise, the creation of a safe haven in south-west Rwanda.

But Mr Mobutu's career-long practice of nurturing rebel movements dedicated to the overthrow of neighbouring regimes - in this case extremists fighting the Rwandan and Burundi governments - may have proved his undoing. Rwanda appears to have taken advantage of the president's ill-health and the power vacuum in Kinshasa effectively to annex a swathe of Zaire's Kivu province.

With the political scene splintered along tribal lines and no constitutional or des-

ignated successor for Mr Mobutu, secession movements or other neighbours with territorial aspirations may now seize their chance.

The army, for years the only force with any capacity to bind the country together, is unlikely to be able to stop them. Unpaid and thuggish, its best officers have been sacked for tribal reasons. After years of tribalism and political interference, we have a lot of men in uniform but no real army," says one observer. As for the crack troops, their numbers are too low to tackle more than one crisis at a time.

Talk of an African peace-keeping force, touted by the US just before the crisis, has faded before the complexity of the conflict in east Zaire. While a humanitarian operation to feed the refugees is conceivable, no nation could today justify a military intervention to keep such a discredited regime in power.

Mr Mobutu's last hope may be France, always more indulgent to his excesses than other foreign governments. But rumours that Paris, still smarting from its loss of influence in Rwanda, is preparing covert action to support him have so far been hotly denied.

The Zairean president's epitaph has often been written, and it has always proved premature. This time, "the dinosaur's" luck may have run out.

As digital television draws closer, Raymond Snoddy asks whether BSkyB will have too much control.

Decoding Murdoch's vision in the sky

Some time next September an Ariane rocket is due to blast off from French Guiana carrying an enormous digital television satellite for SES, the Luxembourg-based satellite operator.

The launch will be significant for SES, because the satellite will be placed in a new orbital position. This is capable of accommodating several more of the company's satellites with the ability to broadcast thousands of television channels across Europe.

But the September launch will be even more important for Rupert Murdoch, chairman of News Corporation, and the future of the UK television business. It will allow Mr Murdoch to launch digital satellite broadcasting, which will offer UK viewers the choice of hundreds of channels of sport and entertainment.

British Sky Broadcasting, the satellite television venture effectively controlled by News Corporation, has leased half the capacity of the new digital satellite. It will give BSkyB the ability to offer viewers up to 200 different programme services, rising to 500 in the future. Programmes on offer will include a wide range of specialist channels, plus access to pay-per-view feature films and exclusive pay-per-view sport.

The aim is to devote as many as 60 channels to the top 10 films, each broadcast on several channels at staggered intervals. Viewers will always be only 20 or 30 minutes away from the start of the films they want to watch.

But the service that is expected to be most popular will be exclusive broadcasts of sporting events - at a price. The huge broadcasting capacity available will mean that a separate channel can be made available for each Premier-ship football match played in the UK on Saturday, with viewers paying for each match watched.

Viewers will need a new black box to receive the pictures - but not a new television set. These are likely to retail at about \$499 (\$813) each, though BSkyB hopes to find ways to bring the cost down to between £200 and £300.

Talks are under way with British Telecommunications and Barclays Bank on using the new digital satellite service for home shopping and banking in return for subsidising black box sales.

The scale of BSkyB's plans and the dominance they could give it over the future of the broadcasting business are causing increasing alarm among some competitors and politicians. The main anxiety is BSkyB's lead in getting its decoders into homes, which will make Mr Murdoch the effective "gatekeeper" to the new world of digital broadcasting. With viewers unlikely to want more than one black box, there are calls for a common interface so that all broadcasters' channels can be received.

"BSkyB's plans to launch a set-top box without a common interface would mean that broadcasters wishing to reach audiences would be forced to do so on BSkyB's terms," says Ms Carole Tongue, socialist group co-ordinator on the media in the European Parliament. "This would mean that BSkyB would have absolute control over TV screens within the foreseeable future. This would be a disaster for the future of British broadcasting, British democracy and the European cultural industries."

The situation is particularly sensitive in the UK, because digital satellite broadcasting will begin at roughly the same time as digital terrestrial television services. On Thursday the UK became the first country in the world to call for formal applications to run such terrestrial services broadcasting from transmitters on hills to conventional television aerials. Applications for about 35 programme services have to be submitted by the end of January, with the aim of broadcasting by July 1998.

Viewers will also need a decoder to receive the digital terrestrial services - and BSkyB has already specified that its digital satellite decoder should be compatible with terrestrial standards. A single box capable of handling both forms of digital televi-

sion may not be that far away. Pace Electronics, a company likely to be chosen as an approved digital decoder manufacturer by BSkyB, says the extra cost is only between £20 and £30.

And with BSkyB also considering applying for digital terrestrial frequencies, this will raise further fears that Mr Murdoch will have a stranglehold on both forms of digital broadcasting.

But BSkyB denies that it is attempting to get a vice-like grip on the new broadcasting technology.

It argues that, as a "packager" of entertainment, it wants to encourage as many channels as possible to attract viewers.

The satellite company says it could have easily limited the amount of digital opposition it faces by buying capacity at Astra's existing orbital position - a slot that is nearly full.

In fact, Mr Murdoch's greatest weapon is probably not technology but the exclusive programme rights he has acquired. BSkyB's close relationship with the football clubs and the Hollywood studios mean BSkyB is in a strong position to negotiate pay-per-view rights for the new services.

Some competitors have identified BSkyB's subscriber management system as another source of unfair advantage. They worry they will be overcharged if they use the system and say it would be too expensive to set up their own.

But BSkyB says it has done nothing to offend believers in fair competition. It acquired the Premiership rights in an open competition. And its subscriber management service is available to others on normal commercial terms. News Digital Systems, the News Corp technology subsidiary, has already licensed encryption systems to Murdoch rivals in other parts of the world.

"All Rupert Murdoch is guilty of is having the guts and vision to start all this in the first place and nearly bankrupting his company along the way," says Mr Sam Chisholm, chief executive of BSkyB.



Harmony and discord: Christoph von Dohányi becomes music director of the Philharmonia at a time of cut-throat competition. Paul Chadwick

Made to sing for their supper

London orchestras are fighting it out for funding, says Antony Thorncroft

The news that Christoph von Dohányi, the acclaimed music director of the Cleveland Orchestra, is to add the Philharmonia to his workload is a remarkable achievement for the London orchestra.

Three years ago the Philharmonia was down and almost out. It had been pipped by the London Philharmonic in the battle to become the first house orchestra for London's South Bank Centre; its relationship with its music director Giuseppe Sinopoli was difficult; and its Arts Council grant was under threat.

In the end the orchestra retained its grant; Sinopoli left; and a takeover bid by the London Philharmonia was rejected. The Philharmonia began a steady climb towards financial solvency and artistic acclaim - aided by the unexpected decision by Mr Jacques Chirac, then mayor of Paris, to give it a residency at the Châtelet, the music theatre he had championed as a rival to President Mitterrand's new Bastille opera house. Thanks to this arrangement, the Philharmonia gets to perform important operatic works which it can then bring to London in concert performance.

The revival in the Philharmonia's fortunes was quickly recognised by the Salzburg Festi-

val, which offered it a residency. And the South Bank has proposed a joint residency with the London Philharmonic worth £165,000 a year from next April.

But while the Philharmonia breathes more easily, the London Philharmonic has still to secure its future. It too, has been looking for a principal conductor to fill the gap left by the unappreciated Franz Welser-Möst.

London, with its limited subsidy and fickle audiences, is currently unattractive to the great maestros. The solution devised by Serge Dorny, the LPO's new chief executive, is to have a quartet of musical leaders rotating as principal conductors.

However, Mr Dorny faces a difficult task in stemming the orchestra's losses which now top £1m. More challenging, he must raise the its profile and artistic ambition in the face of constant doubts as to whether London can support four orchestras.

The audience for live orchestral music is ageing and increasingly reluctant to turn out unless it is to see a star conductor or soloist. The economics of presenting such concerts - which can cost up to £80,000 - rarely make sense, especially as business sponsorship is harder to find.

Three years ago, the Arts Council flirted with the idea of using its subsidy to support a

single super-orchestra comparable with the Berlin and Vienna Philharmonics. But after a bruising battle over which of the incumbents would receive its approval, it settled on a survival-of-the-fittest policy giving a grant to all four. This year the London Philharmonic and Philharmonia each received £700,000, with £1.1m for the London Symphony Orchestra and just £300,000 for the Royal Philharmonic.

Out of these, the London Symphony is the only orchestra which is financially secure. Under its new principal conductor Sir Colin Davis, its residency at the Barbican Centre in the City of London also brings a grant of £1.1m a year from the City Corporation, the financial district's local authority.

In contrast, the Royal Philharmonic has to move very quickly to stay alive. With the Arts Council cutting its grant to around 5 per cent of its annual revenue, it has found alternative sources of income, including a residency at Nottingham and an association with the Royal Albert Hall. It has also become the house orchestra of Classic FM, the radio station, and signed a contract to make more than 100 recordings.

But this hand-to-mouth existence for all four orchestras takes

its toll in chronic insecurity, exhausting workloads and frozen or even reduced fees. Recording work - one traditional source of income - has dried up, with demand for new interpretations of the repertoire met by cheaper eastern European orchestras.

The main hope for the London orchestras is the National Lottery, where a fifth of the proceeds for good causes go to the arts. Lottery arts funding is mainly focused on capital projects, of little interest to the wandering players who make up orchestras. But there are plans to use lottery money to improve access for schoolchildren and other groups and wipe out the debts of those that promise a solvent future.

Before such cash becomes available, the orchestras face the probability of cuts in their Arts Council grants for 1997-98. The English council has been told by the government to expect a £3.2m reduction in its subsidy in this month's Budget - but there are fears more could be cut in the search for public expenditure savings to reduce taxes.

Any fall in the subsidy could prove fatal for at least one of the London orchestras. Christoph von Dohányi will quickly find that music-making in London is more cut-throat, cheese-paring and volatile than in many other western capitals.

The president huddles backstage with his closest advisers, debriefing them on what he has learned. The information is despatched urgently to the speech-writers, to appear in the next presidential address. Mr Bill Clinton has just returned from the front, the rope line that separates him from the campaign crowds, with invaluable bits of market intelligence for the selling of the president.

In these last days of the campaign, when there is nothing more to say on the stump and little voter inclination to listen, working the rope line is the central event of every Clinton rally. Craving voter adulation like a drug, the president hugs and grasps and beams his way down the rope barrier which separates him from the hungry crowd.

One secret service man holds each presidential elbow and a third sometimes grabs him around the waist to stop him falling into the mass. Using both hands, Mr Clinton brushes distant fingertips and squeezes nearby palms, sucking energy from all of them.

A natural born campaigner

Patti Waldmeir watches Bill Clinton do what he does best: sell himself to the voters

But the political fix which the president draws from the crowds goes beyond the adrenalin and excitement of the moment. He does not just press flesh, he stops to listen to the voters' voices which have directed every step of his remarkable campaign.

With his grey-blue gaze fixed on a single face and his hand gripping the startled voter's palm, he will stop dead, sometimes for several minutes at a time, to discuss the future of a nation. And America, never at a loss for words, will tell him its deepest concerns and sometimes its secrets, right there on the rope line. All of which the President records mentally for later recitation.

So Mr Clinton finds out what America wants from him and relays the intelligence to his image-makers (who supplement it with the information gleaned from ceaseless polling and seem-

ingly endless focus groups). Then they design the presidential product which America demands.

Over the next 72 hours, his team will continue fine-tuning the message Mr Clinton completes his final week, 43-city sweep of the nation. Aides say they will spend \$1.5m a day advertising their product on television; the average American will see a presidential ad 20 times in the week before the election.

Over the same period Mr Bob Dole, the Republican challenger, will try to match or even exceed the presidential pace of manic campaigning. He has announced that he will not sleep in a terrestrial bed again until election day.

His campaign will take three-hour, hotel "shower breaks" as he jets between 15 states on a "mystery tour" of the nation.

(Suspense has been an element of campaign travel with Mr Dole in any case, because of the disorganisation of his campaign; now his advisers want to make a virtue of it.)

Candidate Dole says he will even roll the dice at a Las Vegas casino as part of his tour - an event scheduled to take place at 2.30 on Sunday morning, not perhaps an ideal time to capture the support of Christian conservatives.

The "mystery tour" is a gimmick which could capture the imagination of journalists eager for any spark of excitement from what many say is the dullist campaign in living memory. But the candidate will not change, just because the marketing is more energetic.

Mr Dole has never learned to do what Mr Clinton does so well: to say what America wants him to say. He suffers the rope line,

he does not celebrate it. The Republican candidate leaves campaign rallies before most of his supporters; Mr Clinton hangs on, shaking hands, until there is scarcely anyone left but the cleaning crew.

In many ways it is an unfair contest, between the man who was born-to-campaign and the man who was born-to-legislate. And the advantages of incumbency make the race even more unequal: Mr Dole may have a clutch of campaign promises to distribute but Mr Clinton can and does claim credit for the achievements of an entire nation under his stewardship.

On Thursday in Las Vegas, he claimed credit for the fact that the life expectancy of people with HIV had doubled since he took office, that medical researchers have discovered a promising treatment for stroke victims and that laboratory rats

may now get spine transplants.

He trumpeted the fact of the strong economy - the single biggest reason why he is likely to win the election. He even claimed credit for the number of Nevada families which can now get leave from work to attend parent-teacher meetings (261,000 exactly, according to a campaign handbook).

No advance was too small, no connection too tenuous, for inclusion in the list - all part of the plan to sell a downsized but useful presidency. And after an avalanche of such cheery facts, only the most cynical voter can presumably resist the president's insistence that it truly is "Morning in America" again.

But if all the polls treat the race as a foregone conclusion, one overriding question remains still unresolved: not will Bill Clinton win a second term as president or even what will be

do if he does - but what will he do when he can no longer campaign?

The president is already sounding nostalgic about the ending of this, the mother of all his campaigns. He still has a score or more rope lines to look forward to, before ending up at his home in Little Rock, Arkansas, at dawn on election day. But the withdrawal pangs are already gripping him.

When he raised the issue in Las Vegas, he sounded decidedly choked up. "I'm on the verge of finishing the last campaign I'll ever be in, unless I run for school board some day," he said. Campaigning has been his work and passion for over 20 years. It is hard to imagine him separated from his addiction.

But as Mr Clinton knows, no president goes down in history as a great campaigner. Opinion polls show that Americans give Mr Clinton the highest marks for image and political skill, but rate him only average as their president. He may need four more years to prove to Americans that he is as good at governing as at getting elected.

CURRENCIES AND MONEY

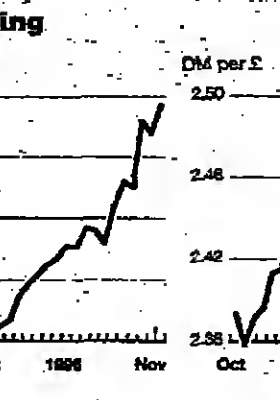
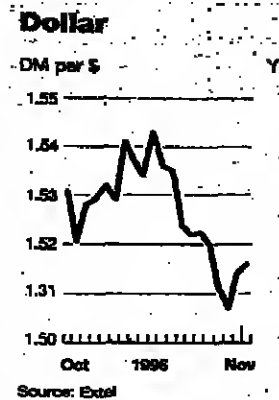
Pound rallies

MARKETS REPORT By Graham Bowley

The Swiss franc fell on the foreign exchanges again yesterday amid growing concerns that moves by the Swiss authorities to suspend banking secrecy laws might trigger a flow of money abroad.

likely, while Mr Bentsen said that a stronger dollar was not in the country's interest. But the currency recovered some of its losses after Mr Robert Rubin, present US treasury secretary, repeated his backing for a strong dollar.

The D-Mark weakened against the yen after Mr Ernst Weiteke, a Bundesbank council member, said that a weaker D-Mark against the yen would help Germany industry.



measure to reduce its budget deficit to qualify for a single currency. The dollar closed in London at DM1.5185 compared with DM1.513 at the previous close. It finished at Y118.59 against the yen.

The Swiss franc fell again yesterday, weakening against both the D-Mark and dollar, as eurosists' futures dropped about 20 basis points, a large move for one day's trading.

The employment report showed a rise in jobs creation but wages growth was subdued and the unemployment rate remained steady.

reducing France's budget deficit. Traders said this increased the likelihood that Italy would be able to meet the budget criteria for Emu.

The dollar rose in early New York trading as US government bonds gained ground following an employment report which showed a steady but unspectacular growth.

Mr Chris Turner, currency analyst at BZW in London, said there was now a case building for a rebound in the yen against the dollar.

The G3 consensus in favour of a weak yen is fading at the edge," he said. He predicted that the dollar could be back at Y110 by the end of the year.

Table: POUND SPOT FORWARD AGAINST THE POUND. Columns include Nov 1, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month Rate %PA, Three months Rate %PA, One year Rate %PA, Bank of England Index.

Table: DOLLAR SPOT FORWARD AGAINST THE DOLLAR. Columns include Nov 1, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month Rate %PA, Three months Rate %PA, One year Rate %PA, J.P. Morgan Index.

WORLD INTEREST RATES

Table: MONEY RATES. Columns include November 1, Over night, One month, Three months, Six months, One year, Lomb. Dis. rate, Repo rate.

EURO CURRENCY INTEREST RATES

Table: EURO CURRENCY INTEREST RATES. Columns include Nov 1, Short term, 7 days notice, One month, Three months, Six months, One year.

THREE MONTH EURIBOR FUTURES (LIFFE)

Table: THREE MONTH EURIBOR FUTURES (LIFFE). Columns include Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

THREE MONTH EURO DOLLAR FUTURES (LIFFE)

Table: THREE MONTH EURO DOLLAR FUTURES (LIFFE). Columns include Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

CROSS RATES AND DERIVATIVES

Table: EXCHANGE CROSS RATES. Columns include Nov 1, Bid, Offer, DM, FF, DM, FF, DM, FF, DM, FF, DM, FF, DM, FF.

EMS EUROPEAN CURRENCY UNIT RATES

Table: EMS EUROPEAN CURRENCY UNIT RATES. Columns include Oct 31, Euro unit, Rate, Change on day, % +/- from % spread, Div. rate, % weekend +/- ind.

PHILADELPHIA SIX'S EURO CURRENCIES

Table: PHILADELPHIA SIX'S EURO CURRENCIES. Columns include Price, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

EURO DOLLAR FUTURES (LIFFE)

Table: EURO DOLLAR FUTURES (LIFFE). Columns include Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep.

UK INTEREST RATES

Table: LONDON MONEY RATES. Columns include Nov 1, Over night, One month, Three months, Six months, One year.

THREE MONTH STERLING FUTURES (LIFFE)

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BASE LENDING RATES

Table: BASE LENDING RATES. Columns include Bank of Ireland, Bank of Scotland, Bank of Wales, Bank of Cyprus, Bank of Greece, Bank of Spain, Bank of Portugal, Bank of Italy, Bank of France, Bank of Germany, Bank of Netherlands, Bank of Belgium, Bank of Luxembourg, Bank of Austria, Bank of Switzerland, Bank of Denmark, Bank of Norway, Bank of Sweden, Bank of Finland, Bank of Iceland, Bank of Ireland, Bank of Scotland, Bank of Wales, Bank of Cyprus, Bank of Greece, Bank of Spain, Bank of Portugal, Bank of Italy, Bank of France, Bank of Germany, Bank of Netherlands, Bank of Belgium, Bank of Luxembourg, Bank of Austria, Bank of Switzerland, Bank of Denmark, Bank of Norway, Bank of Sweden, Bank of Finland, Bank of Iceland.

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NEW Regulatory news service, TradeStation link, Portfolio management. Includes contact info for Jeremy Nelson.

OFFSHORE COMPANIES. Established in 1975. Includes contact info for various services.

KNIGHT-RIDDER'S FUTURES MARKET DATABANK FROM \$570. Includes contact info for market data services.

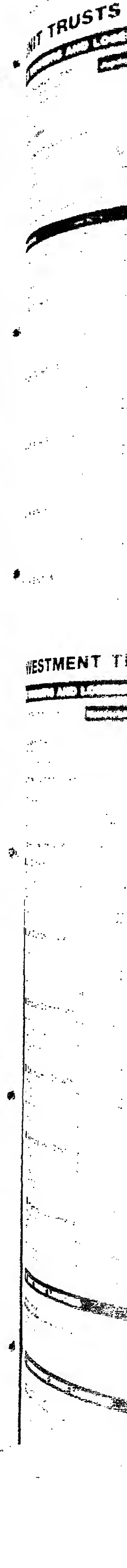
Union Limited. 24 HRS. Includes contact info for futures and options.

THE FT GUIDE TO WORLD CURRENCIES. Includes contact info for financial news.

Signal. Real-time quotes, Over 100,000 issues. Includes contact info for data services.

SHARES - TAX FREE. Includes contact info for investment services.

Market-Eye. Affordable real-time equities, futures, options and news. Includes contact info for market data.



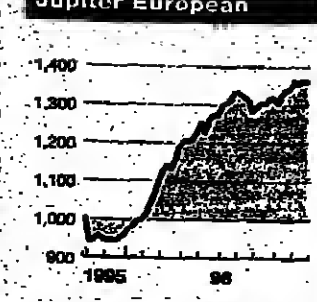
UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Table listing top five unit trusts over 1 year, including Johnson Fry Slater Growth, NatWest UK Smaller Cos, Save & Prosper Energy Indx, etc.

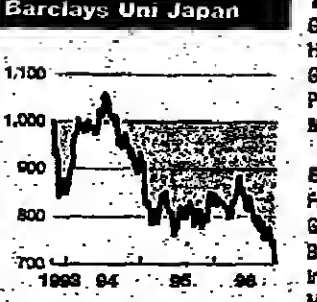
Jupiter European



TOP FIVE OVER 3 YEARS

Table listing top five unit trusts over 3 years, including Profitic Technology, Jupiter European, etc.

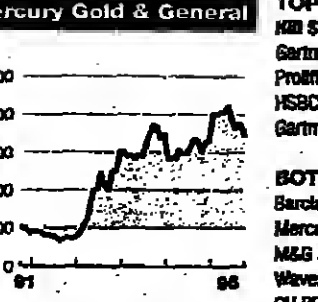
Barclays Uni Japan



TOP FIVE OVER 5 YEARS

Table listing top five unit trusts over 5 years, including GT Orient Acc, HSBC Hong Kong Growth, etc.

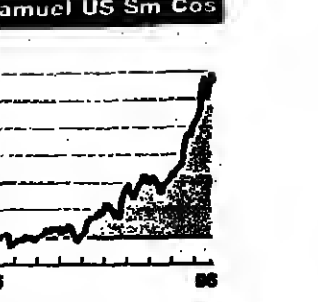
Mercury Gold & General



TOP FIVE OVER 10 YEARS

Table listing top five unit trusts over 10 years, including Hill Samuel US Smaller Cos, Gartmore American Emer Gth, etc.

Hill Samuel US Sm Cos



BOTTOM FIVE OVER 1 YEAR

Table listing bottom five unit trusts over 1 year, including GT Korean Securities, Save & Prosper Korea, etc.

BOTTOM FIVE OVER 3 YEARS

Table listing bottom five unit trusts over 3 years, including Save & Prosper Korea, Summa Japan, etc.

BOTTOM FIVE OVER 5 YEARS

Table listing bottom five unit trusts over 5 years, including Friends Prov Japanese Sm Cos, Govett Japan Growth, etc.

BOTTOM FIVE OVER 10 YEARS

Table listing bottom five unit trusts over 10 years, including Barclays Uni Japan Inc, Mercury Japan, etc.

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

Indices

Table showing performance of various indices like Average Unit Trust, Average Investment Trust, etc.

UK Eq & Bd

Table showing performance of UK Equity & Bond indices.

Nth America

Table showing performance of North America indices.

Best Peps

Table showing performance of Best Peps indices.

UK Growth

Table showing performance of UK Growth indices.

Gift & Fixed Interest

Table showing performance of Gift & Fixed Interest indices.

Europe

Table showing performance of Europe indices.

Money Mkt

Table showing performance of Money Market indices.

UK Growth & Income

Table showing performance of UK Growth & Income indices.

International Equity Income

Table showing performance of International Equity Income indices.

Japan

Table showing performance of Japan indices.

Investment Trust Units

Table showing performance of Investment Trust Units indices.

UK Smaller Companies

Table showing performance of UK Smaller Companies indices.

International Fixed Interest

Table showing performance of International Fixed Interest indices.

Far East inc Japan

Table showing performance of Far East inc Japan indices.

Fund of Funds

Table showing performance of Fund of Funds indices.

UK Equity Income

Table showing performance of UK Equity Income indices.

International Equity & Bond

Table showing performance of International Equity & Bond indices.

Far East exc Japan

Table showing performance of Far East exc Japan indices.

Financial & Property

Table showing performance of Financial & Property indices.

UK Equity & Bond Income

Table showing performance of UK Equity & Bond Income indices.

International Growth

Table showing performance of International Growth indices.

Commodity & Energy

Table showing performance of Commodity & Energy indices.

Global Emerging Mkts

Table showing performance of Global Emerging Markets indices.

INVESTMENT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Table listing top five investment trusts over 1 year, including TR Technology, Scottish National Capital, etc.

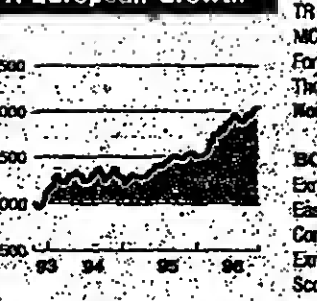
Henderson EuroTrust



TOP FIVE OVER 3 YEARS

Table listing top five investment trusts over 3 years, including TR Technology, MCI Development Fund, etc.

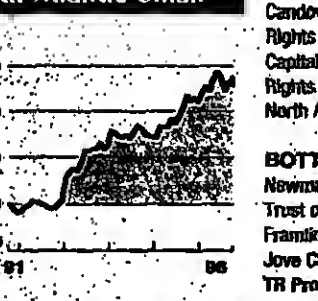
TR European Growth



TOP FIVE OVER 5 YEARS

Table listing top five investment trusts over 5 years, including TR Technology, MCI Capital, etc.

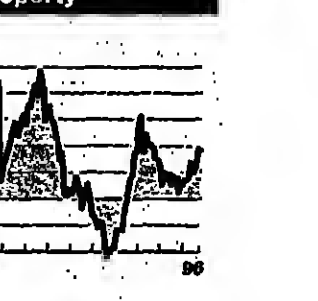
North Atlantic Small



TOP FIVE OVER 10 YEARS

Table listing top five investment trusts over 10 years, including Candover, Rights & Issues Inc, etc.

TR Property



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

UK General

Table showing performance of UK General indices.

Int Cap Gth

Table showing performance of International Capital Growth indices.

Japan

Table showing performance of Japan indices.

High Income

Table showing performance of High Income indices.

UK Capital Growth

Table showing performance of UK Capital Growth indices.

Int Income Growth

Table showing performance of International Income Growth indices.

Far East exc Japan, General

Table showing performance of Far East exc Japan, General indices.

Split - Capital

Table showing performance of Split - Capital indices.

Smaller Companies

Table showing performance of Smaller Companies indices.

North America

Table showing performance of North America indices.

Far East exc Japan, Single Country

Table showing performance of Far East exc Japan, Single Country indices.

Split - Inc & Residual Cap Shares

Table showing performance of Split - Inc & Residual Cap Shares indices.

UK Income Growth

Table showing performance of UK Income Growth indices.

Continental Europe

Table showing performance of Continental Europe indices.

Emerging Markets

Table showing performance of Emerging Markets indices.

Split - Income

Table showing performance of Split - Income indices.

Venture and Devt Cap

Table showing performance of Venture and Devt Cap indices.

Pan Europe

Table showing performance of Pan Europe indices.

Closed End Funds

Table showing performance of Closed End Funds indices.

Split - Zero Dividend

Table showing performance of Split - Zero Dividend indices.

International General

Table showing performance of International General indices.

FE inc Japan

Table showing performance of FE inc Japan indices.

Property

Table showing performance of Property indices.

UNIT TRUST LAUNCHES

Table listing new unit trust launches, including Asian Smaller Companies Trust, Guinness Flight, etc.

INVESTMENT TRUST LAUNCHES

Table listing investment trust launches, including Henderson Technology Trust, Henderson 0500, etc.

The long-running saga at Kepit, the troubled £500m Kleinfelt European Privatization investment trust, neared an end this week when investors voted almost unanimously to liquidate it, writes Krishna Gupta.

Investment trusts and General fund. Shareholders will receive cash on November 25 after a final, rubber-stamping meeting on November 22.

growth fund crystallised Kepit's woes by bidding for the fund, launched a new Technology trust.

up in 1998. Fund manager Brian Ashford-Russell says that while the old fund has "extremely high structural gearing", the new one is ungeared.

Authorised Unit Trusts

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 171) 873 4373 for more details.

FT MANAGED FUNDS SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts under the 'Authorised Unit Trusts' section, including names like 'Bank of Ireland Fund Mgrs Ltd' and 'City of London Unit Trust Mgrs Ltd'.

Table listing various unit trusts under the 'FT Managed Funds Service' section, including names like 'Friends Provident Unit Trusts' and 'Hendy Unit Trust Managers Ltd'.

Table listing various unit trusts under the 'Authorised Unit Trusts' section, including names like 'London & Manchester Unit Trust Mgrs Ltd' and 'M&G Investment Services Ltd'.

Financial Regulation Report advertisement. Text: 'Financial Regulation Report is a monthly newsletter available on subscription, covering worldwide regulatory developments. Published by FT Financial Publishing it describes and summarizes new regulations and legislation and comments on the implications for the markets concerned. For further information and a sample copy of Financial Regulation Report, please contact: Charlotte Green FT Financial Publishing Maple House 149 Tottenham Court Road London W1P 9LL UK Tel: 0171-896 2314 Fax: 0171-896 2319'.

Table listing various unit trusts under the 'Authorised Unit Trusts' section, including names like 'Franklin Templeton Investment Services Ltd' and 'Fidelity Investments Ltd'.

Guide to pricing of Authorised Unit Trusts. Text: 'Initial charges: Charge made by a unit trust manager... Historic pricing: The letter E denotes that the manager will normally set the price... Selling price: Also called bid price, the price at which units are sold back by the manager... Treatment of manager's periodic charges: The letter C denotes that the trust charges all or part of the manager's periodic charges from capital... Other explanatory notes are contained in the last column of the FT Managed Funds Service Association of Unit Trusts and Investment Funds, 60 Kingsway, London, W2 7EX. Tel: 0171-331-0268. The fund prices are published in the column on the right of the FT Managed Funds Service website, http://www.ft.com'.

FT MANAGED FUNDS SERVICE

Authorised and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4878 for more details.

Table of financial data for various fund managers including British American, British Midland, British Venture, and others. Columns include fund names, prices, and performance metrics.

Table of financial data for various fund managers including Japira Unit Trust Managers, Lazard Brothers Asset Management, and others. Columns include fund names, prices, and performance metrics.

Table of financial data for various fund managers including Abbey National Life Plc, Canada Life Group, and others. Columns include fund names, prices, and performance metrics.

OTHER UK UNIT TRUSTS

MINI REUTERS MAXIMUM DATA advertisement featuring a hand holding a mini-reuter device and text describing its features.

PROPERTY UNIT TRUSTS

Table of financial data for various property unit trusts including City of London Property, and others.

INSURANCES

Table of financial data for various insurance companies including AXA, and others.

Insurances, Money Markets and Other

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 171) 878 4878 for more details.

Main table containing various fund categories such as General Accident, Norwich Union Life Insurance, Royal Heritage Life Assurance Ltd, Scottish Provident Institution, Sun Alliance Group, and others. Each entry includes fund names, prices, and performance metrics.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name, price, and other details.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name, account type, and interest rates.

MANAGEMENT SERVICES

Table listing Management Services with columns for service name, provider, and contact information.

Handwritten notes and scribbles in the top right corner.

NOTES: Section containing additional information and disclaimers regarding the fund data.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Nov 1 / US\$)

Table listing US stock market data including S&P 500, Dow Jones, and various sector indices with columns for high, low, and change.

CANADA (Nov 1 / Cdn \$)

Table listing Canadian stock market data including S&P/TSX and various sector indices.

MEXICO (Nov 1 / Mex \$)

Table listing Mexican stock market data including S&P/BVL and various sector indices.

EUROPE

AUSTRIA (Oct 31 / Sch)

Table listing Austrian stock market data including S&P/WSE and various sector indices.

GERMANY (Nov 1 / DM)

Table listing German stock market data including S&P/DAX and various sector indices.

FRANCE (Oct 31 / Frs)

Table listing French stock market data including S&P/CAC and various sector indices.

NETHERLANDS (Nov 1 / Gld)

Table listing Dutch stock market data including S&P/AEX and various sector indices.

SWITZERLAND (Nov 1 / Frs)

Table listing Swiss stock market data including S&P/SMI and various sector indices.

ITALY (Oct 31 / Lit)

Table listing Italian stock market data including S&P/FTSEM and various sector indices.

SPAIN (Oct 31 / Ptas)

Table listing Spanish stock market data including S&P/IBEX and various sector indices.

FINLAND (Nov 1 / Fmk)

Table listing Finnish stock market data including S&P/HSE and various sector indices.

SCANDINAVIA (Nov 1 / Kr)

Table listing Scandinavian stock market data including S&P/STOXX and various sector indices.

NETHERLANDS (Nov 1 / Gld)

Table listing Dutch stock market data including S&P/AEX and various sector indices.

NETHERLANDS (Nov 1 / Gld)

Table listing Dutch stock market data including S&P/AEX and various sector indices.

Rockwell Automation is leading technological innovation with more than 500,000 products for a broad spectrum of industries. Includes Rockwell logo.

INDICES

Table listing various international stock indices and their performance.

US INDICES

Table listing US stock market indices including S&P 500, Dow Jones, and sector indices.

AFRICA

Table listing African stock market data including S&P/JSE and various sector indices.

ASIA

Table listing Asian stock market data including S&P/Nikkei and various sector indices.

EUROPE

Table listing European stock market data including S&P/DAX and various sector indices.

NETHERLANDS (Nov 1 / Gld)

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INDEX FUTURES

Table listing futures market data for various indices.

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Small print text at the bottom of the page providing legal disclaimers and publication information.

WORLD STOCK MARKETS

Dow flat after post-data volatility German bulls expect Dax to reach 3,000

AMERICAS

US shares were mostly flat at mid-session after a volatility morning that saw the market jump on employment figures that were in line with expectations...

EUROPE

Several bourses were closed for All Saints' Day. The continuing slide in the Swiss franc against the dollar and other European currencies drew a muted response from Zurich and the SMI index rose 10.8 to 3,736.1.

ASIA PACIFIC

Advancing stock index futures led Tokyo up after a three-day losing streak, although the retreat of foreign investors and reluctance among domestic institutions to take positions ahead of the national holiday weekend...

AFRICA

Chrysler was off 4% at \$33.9 after announcing strong October sales figures that were in line with expectations. The tiny downturn came after a 17 per cent rise in the automaker's shares over the last month.

INDIA

TORONTO edged lower at mid-session as weaker gold and commodity prices offset gains in bank shares. The TSE-300 composite index was 11.72 down at 5,587.10 in volume of 42.4m shares.

MEXICO

Interpape Polymer Group dropped 62.40 to 428.50 after Dean Witter downgraded the stock. MEXICO CITY was carried further ahead by a spillover of Thursday's momentum.

GERMANY

Germany's stock market bulls are looking for the next big round of gains. With the Dax index at 2,683.25 (up 0.9 per cent on the day), bulls gained 19 per cent this year...

UK

Bankers are pushing for this and many politicians are aware that the creeping state pension system is heading for a crisis as the number of pensioners in relation to the workforce increases.

Muted response to Swiss franc slide

EUROPE

Several bourses were closed for All Saints' Day. The continuing slide in the Swiss franc against the dollar and other European currencies drew a muted response from Zurich and the SMI index rose 10.8 to 3,736.1.

AMSTERDAM

AMSTERDAM was distracted by the debut of Endemol Entertainment. The TV production company, known for soap operas and quiz shows and whose share offer was 25 times oversubscribed, closed at Fl 56.50, a premium of Fl 6.50.

STOCKHOLM

STOCKHOLM closed at midday, relatively upbeat. The AEX index rose 4.29 to 581.81. Royal Dutch continued lower, the oil company losing another Fl 3.50 at Fl 276.70 after a drop of Fl 5.80 after Thursday's session, reflecting satisfaction with the company's forthright approach to dealings with Belgium's Sabena.

THE WEEK'S CHANGES

Table showing percentage changes for various European indices: Athens (+1.7), Zurich (-0.6), Frankfurt (-0.7), London (-1.4), Amsterdam (-1.5), Helsinki (-1.7).

FTSE ACTUARIES SHARE INDICES

Table with columns for FTSE Actuaries Share Indices (Nov 1, Nov 2, Nov 3) and THE EUROPEAN SERIES (Nov 1, Nov 2, Nov 3).

AFRICA

South Africa's industrial shares turned back after a firm opening on rumours, denied by the Reserve Bank and finance department, that an announcement on foreign exchange controls might be made later in the day.

INDIA

Interpape Polymer Group dropped 62.40 to 428.50 after Dean Witter downgraded the stock. MEXICO CITY was carried further ahead by a spillover of Thursday's momentum.

GERMANY

Germany's stock market bulls are looking for the next big round of gains. With the Dax index at 2,683.25 (up 0.9 per cent on the day), bulls gained 19 per cent this year...

Tokyo firm as Seoul rebounds

ASIA PACIFIC

Advancing stock index futures led Tokyo up after a three-day losing streak, although the retreat of foreign investors and reluctance among domestic institutions to take positions ahead of the national holiday weekend...

OTHER INHIBITING FACTORS

Included the forthcoming US presidential and congressional elections and, in Japan, the expected participation of the coalition next week to confirm the new prime minister.

THE WEEK'S CHANGES

Table showing percentage changes for various Asian indices: Hong Kong (+1.1), Kuala Lumpur (+0.5), Singapore (-0.4), Seoul (-3.3).

THE US

The US long-bond yield finished 51.71 ahead at 12.599.27, surpassing the previous peak of 12.510.05 reached on October 18.

LONDON EQUITIES

LIFE EQUITY OPTIONS

Table with columns for Life Equity Options (Date, Price, etc.) and Rises and Falls (British Funds, Other Fixed Interest, etc.).

TRADITIONAL OPTIONS

Table with columns for Traditional Options (Date, Price, etc.).

LONDON RECENT ISSUES: EQUITIES

Table with columns for London Recent Issues: Equities (Issue, Price, etc.).

RIGHTS OFFERS

Table with columns for Rights Offers (Issue, Amount, etc.).

FT/S&P ACTUARIES WORLD INDICES

Large table showing FT/S&P Actuaries World Indices for various countries and regions, including US, Europe, Asia, and Africa.

FT 30 INDEX

Table showing FT 30 Index performance over time, including historical data and current values.

FT GOLD MINES INDEX

Table showing FT Gold Mines Index performance over time, including historical data and current values.

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is now delivered by Ezed, part of Financial Times Information.

Details relate to those securities not included in the FT Share Information Services. The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday, they are not in order of execution but in ascending order which denotes the day's highest and lowest trades.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

Bargains at special prices. * Bargains done the previous day.

British Funds, etc

Treasury 6% Ln 2000 - 110.45 (2002)
Cathagee 12% Ln 2000 - 111.14 (2002)
Conventon 10% Ln 2002 - 111.24 (2002)

Corporation and County

Salford City 6% Ln 2000 - 108.48 (2002)
Salford City 6% Ln 2000 - 108.48 (2002)
Salford City 6% Ln 2000 - 108.48 (2002)

Foreign Stocks, Bonds etc

Alfred Donnan Financial Servs PLC 6% Cum Div
Alfred Donnan PLC 7% Cum Div
Alfred Donnan PLC 7% Cum Div

Debt Issuance

Alfred Donnan Financial Servs PLC 6% Cum Div
Alfred Donnan PLC 7% Cum Div
Alfred Donnan PLC 7% Cum Div

Listed Companies

Alfred Donnan Financial Servs PLC 6% Cum Div
Alfred Donnan PLC 7% Cum Div
Alfred Donnan PLC 7% Cum Div

British Airways Capital Ltd 6% Ln 2000 - 110.45 (2002)
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British Airways Capital Ltd 6% Ln 2000 - 110.45 (2002)

Every pair is not a couple. Therefore, if you're looking for a correspondent bank in Turkey, make sure you work with a bank that's the perfect match for you. For example, a bank that was selected as the "Best Bank of the Year in Turkey" by Euromoney magazine... A bank that has been awarded the ISO 9001 Quality Management System certificate... A bank whose high regard among international financial community generated \$590 million in funding facilities in 1995...

INTERNATIONAL TREASURY MANAGEMENT AGENCY. PRIMARY DEALERS IN GOVERNMENT BONDS. The FTSE Actuaries Share Indices are calculated in accordance with a standard set of ground rules established by FTSE International in conjunction with the Faculty of Actuaries and the Institute of Actuaries. Copyright, FTSE International Limited 1996. All rights reserved. "FT-SE" and "Footsie" are trade marks of the London Stock Exchange and The Financial Times Limited and are used by FTSE International under license.

Footsie finish. The above firms are recognised as Primary Dealers by the National Treasury Management Agency (NTMA). Further information on the Government bond market in Ireland may be obtained by contacting any of the Primary Dealers, or the NTMA at 353-1-676-2266.

LONDON STOCK EXCHANGE

Footsie finishes lower after turbulent week

MARKET REPORT

By Joel Kibazo

The UK stock market yesterday lived up to the maxim that "it is better to travel than to arrive" as it came to the end of a turbulent week. The FTSE 100 index started trading at a firm 3,985.2, up 6.1 on its previous close, with some hoping it could recover from the anxiety prompted by Wednesday's rise in UK base rates.

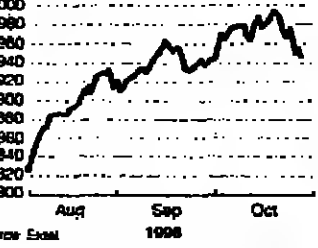
The figure for October rose for the fifth consecutive month reaching 54.5 per cent, well ahead of analysts' expectations. The data served to increase investor's inflation worries and prompted a reversal in Footsie's early advance. Mr Richard Jeffrey, group economist at Charterhouse, observed: "There is still a lot of anxiety among fund managers about Wednesday's rate rise. Unanticipated policy changes will always have a big impact on the market. Frankly, I can't remember when such a small change had such a big impact on market sentiment."

The publication of the US non-farm payrolls report met with expectations and briefly reduced Footsie's decline. Such hopes proved short-lived as a jump in US factory orders hit the Treasury bond market and US equities, although both steadied in later trading. The fall in the US acted as a signal for a sell-off in London, and Footsie, having made a brave attempt to limit its losses, fell back sharply. Dealers spoke of a big seller in the UK market while

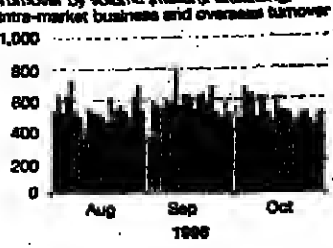
vague whispers of a US broker advising clients to switch out of gilts drove them lower. Long gilts ended the day three-quarters of a point lower. One sales trader said simply: "This is the phase two blowout we should have had on Thursday." The strength of sterling against the dollar remained a matter of concern. It was partly responsible for the continued weakness, together with the decline in international crude prices, recorded in the oil sector, another factor in Footsie's decline. The leading index closed at 3,948.5, down 36.6 points on the day, but having touched a low of

3,941.9 in the last hour of trading. The FTSE 250 remained resilient and finished at 4,292.2, up 6.7 on its previous close, seen by some as a sign of the underlying strength of domestically based manufacturers. Volume was 669.9m at the 6pm count and the value of customer business on Thursday was £1.24bn. Analysts are expected to watch next week's economic data and company results closely with the Confederation of British Industry distributive trades survey and figures from Marks and Spencer under the magnifying glass for signs of the state of consumer demand in the UK.

FTSE All-Share Index



Equity shares traded



Indices and ratios

Table with 2 columns: Index Name and Value. Includes FTSE 250 (4429.2), FTSE 350 (1971.4), FTSE All-Share (3948.5), FTSE All-Share yield (3.82), FT 30 (2795.0), FTSE Non-Fins p/e (17.96), FTSE 100 Fut Dec (3971.0), 10 yr Gilt yield (7.70), Long gilt/equity yld ratio (2.09).

FTSE 100 Index

Table with 2 columns: Index Name and Value. Includes Closing index for Nov 1 (3948.5), Change over week (-11.3), Oct 31 (3979.1), Oct 30 (3969.9), Oct 29 (3968.5), Oct 28 (4025.3), High (4037.6), Low (3941.9), Intra-day high and low for week.

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume for major stocks including ASDA Group, Abbey National, Albert Heijn, Anglo-Water, Argenta, etc.

EQUITY FUTURES AND OPTIONS TRADING

Table showing futures and options trading data for FTSE 100 Index, FTSE 250 Index, and FTSE 100 Index Options.

Oil slide unsettles sector

Prospects of a sea change in the price of crude sent most oil-related stocks sharply lower - five of the Footsie's worst performing stocks came from the oil sector. Shell was partly responsible for the wave of profit-taking after it came out with a 7 per cent drop in underlying earnings on Thursday. Later, the price of Brent fell a dollar as Kurds declared a ceasefire, prompting thoughts of a softer line on the Iraqi oil embargo. And, yesterday, the chairman of the American Petroleum Institute said he felt the recent spike in heating oil had been overdone. Shell Transport fell 27% to 900p, BP 15 to 640p, Lloyds 16 to 207p and Enterprise 16 to 540p.

BAT weak

BAT Industries appears to have an almost limitless capacity to disappoint. Yesterday's fall in the share price was a much harder decision than when the share price was higher. Takeover speculation continued about a number of television companies with Yorkshire Tye-Tees climbing 16 to 1282p on a thin volume of trading and Scottish Television 1 to 752p. Weak trading figures from John Lewis made the market slightly nervous of the retail sector. An exception was Vendome, which climbed 8 to 566p on speculative interest. Thorn weakened 3 to 343p on continuing concern over litigation in the US over rental purchases transactions. PowerGen performed strongly for the second day running as a UBS buy note combined with vague takeover talk to send the shares 9 higher to 519p. Water utility Severn Trent added 3% to 626p on the back of a Salomon Brothers recommendation. Cable & Wireless was steady at 489p after the company announced it had opened an office in Beijing in preparation for the liberalisation of China's telecoms market. Insurance broker Willis Corroon firm 1 1/2 to 123p ahead of interim figures this Thursday. Wolstenholme Rink, the printing materials and chemicals manufacturer, fell 9 1/2 to 78p after the group warned its second-half performance would not meet expectations. The company said an improvement in trading seen in July and August had not been sustained in September and October and it expected second-half profits to be around the same as the first half. Problems within the printing industry were highlighted on Thursday when Wace also said trading conditions were tough. Wace, whose share price halved on Thursday, fell another penny to 88p. Rolls Royce fell 2% to close at 251p on profit-taking in volume of 4.3m. Holiday group Airtrons moved forward 29p to 683p as expectations grew that there will be a bout of consolidation within the industry.

Chief price changes yesterday

Table listing price changes for various companies including Airtrons, Airways, CRT Grp, etc.

NEW 52 WEEK HIGHS AND LOWS

Table listing 52-week high and low prices for various companies.

FTSE Actuaries Share Indices

Table showing FTSE Actuaries Share Indices for various sectors like FTSE 100, FTSE 250, etc.

The UK Series

Table showing UK Series data for various economic indicators.

FTSE Actuaries Industry Sectors

Table showing FTSE Actuaries Industry Sectors for various industries like Chemicals, Electronics, etc.

Hourly movements

Table showing hourly movements for FTSE 100, FTSE 250, etc.

FTSE 350 Industry baskets

Table showing FTSE 350 Industry baskets for various sectors like Biotech, Chemicals, etc.

Whitbread buoyant

Whitbread rose 12% to 733p and was the second best performer in the FTSE 100 following the announcement that it was in talks with BrightReasons Restaurants for the acquisition of its pizza and pasta restaurant chains. Analysts said they understood that Whitbread wanted to pay about £50m for the chain - which includes Bella Pasta - against the £90m that BrightReasons is seeking as paying too much for Pelican, the Dome restaurants chain. Whitbread was also boosted by a report from Merrill Lynch which compared the valuation and prospects of leisure companies and those in the alco-

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for name, price, and change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and change.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and change.

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

Table listing life assurance companies with columns for name, price, and change.

MEDIA

Table listing media companies with columns for name, price, and change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for name, price, and change.

OIL, INTEGRATED

Table listing integrated oil companies with columns for name, price, and change.

OTHER FINANCIAL

Table listing other financial companies with columns for name, price, and change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for name, price, and change.

PAPER, PACKAGING & PRINTING - Cont.

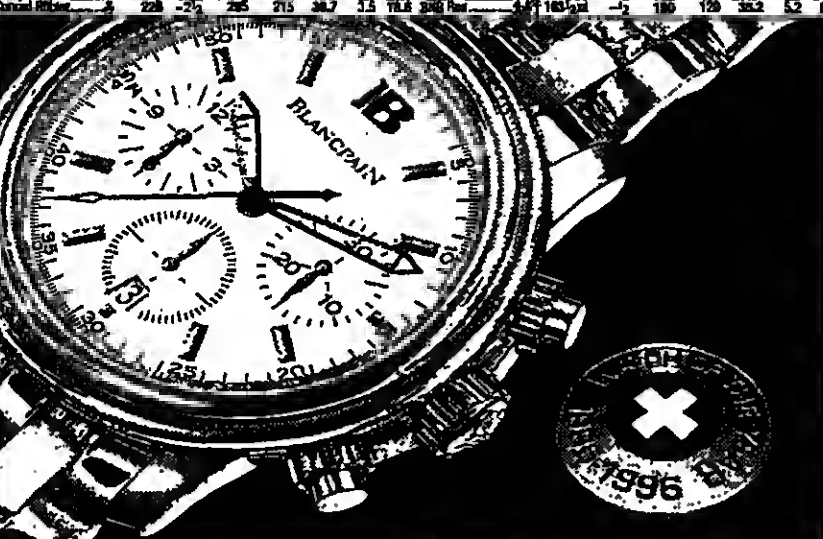
Table listing paper, packaging, and printing companies with columns for name, price, and change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for name, price, and change.

PROPERTY

Table listing property companies with columns for name, price, and change.



PROPERTY - Cont.

Table listing property companies with columns for name, price, and change.

RETAILERS, FOOD

Table listing retailers and food companies with columns for name, price, and change.

RETAILERS, FOOD - Cont.

Table listing retailers and food companies with columns for name, price, and change.

RETAILERS, GENERAL

Table listing general retailers with columns for name, price, and change.

SUPPORT SERVICES

Table listing support services companies with columns for name, price, and change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for name, price, and change.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for name, price, and change.

TELECOMMUNICATIONS - Cont.

Table listing telecommunications companies with columns for name, price, and change.

TELECOMMUNICATIONS - Cont.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for name, price, and change.

TOBACCO

Table listing tobacco companies with columns for name, price, and change.

TRANSPORT

Table listing transport companies with columns for name, price, and change.

WATER

Table listing water companies with columns for name, price, and change.

AIM

Table listing companies on the Alternative Investment Market (AIM) with columns for name, price, and change.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM) with columns for name, price, and change.

AMERICANS

Table listing American companies with columns for name, price, and change.

CANADIANS

Table listing Canadian companies with columns for name, price, and change.

SOUTH AFRICANS

Table listing South African companies with columns for name, price, and change.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Ecol, part of Financial Times Information. Company quotations are based on those used for the FTSE 100 and listed on the London Stock Exchange.

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FINANCIAL TIMES

Weekend November 2/November 3 1996

LEGAL DEFINITIONS

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Rowe & Maw

LAWYERS FOR BUSINESS

Row deepens over move to meet Emu target

French budget measures criticised by Germany

By Gillian Tett in London

The dispute over France's attempts to qualify for a single European currency gathered pace yesterday after Germany publicly criticised Paris's budget measures.

The German statistical office issued a formal statement opposing the French government's use of FF37.5bn (£7.36bn) pension fund transfers from France Telecom to reduce its budget deficit.

The statement, published even though yesterday was a holiday in Germany, follows the European Commission's approval of the French move on Thursday. The Commission said the decision was taken because "a large majority" of European Union states supported the French plan.

But several EU countries yesterday insisted there was no "large majority" support. The German statistical bureau said "many European member

states" supported Germany's position that it would be "economically sensible" to exclude the France Telecom payment from the budget deficit.

The row reflects growing German concern that the Commission's hasty approval of France's budget measures could lead other countries, such as Italy, to use similar measures - undermining the integrity of the single currency qualification process.

Investors are becoming worried that Germany's determination to make the single currency credible could lead some of its institutions, such as the constitutional court, to block the process on technical grounds.

On Tuesday, European central bank governors will meet at the European Monetary Institute to discuss countries' progress in meeting the criteria for qualifying for the single currency. The EMI and the European Commission will

then publish separate reports. In a move that will further fuel the controversy, a committee of leading European statisticians will hold an emergency meeting on Monday evening in response to the Commission's decision.

The committee does not have the power to overturn the Commission's ruling but some statisticians want to express their anger about the handling of the case.

The Commission's statistical wing, Eurostat, asked each EU country to submit an opinion on the French case last week, after Germany, Britain, the Netherlands expressed reservations about the move.

However the questionnaire was sent to some countries, including the UK, very late. And though most countries thought the deadline was Thursday lunchtime - and insist they met this - the decision was taken before some replies had been received.

Bangladesh bans child labour in garment industry

By Kasra Najib in Dhaka

A ban on the use of cheap child labour in Bangladesh's booming garment industry came into force yesterday.

The ban was agreed as a result of intense pressure from the US - which imports 60 per cent of Bangladesh's garment exports totalling \$2.5bn in 1995-96 - and from the International Labour Organisation.

Child workers have been a major factor in the industry's spectacular growth over the past decade. Bangladesh supplies one of every two T-shirts sold in Europe and about 10 per cent of the US's imports of ready-made garments.

But a bad image in the west and a US government threat last year to prohibit imported textiles from countries employing workers aged under 14 forced the industry to act.

The agreement banning the use of children below that age has been drawn up between the Bangladesh Garment Manufacturers and Exporters Association - the industry umbrella group - the ILO, and the UN Children's Fund.

Mr David Merrill, the US ambassador in Dhaka and one of the architects of the agreement, said: "Without child labour, Bangladesh garments will be in a better position in the competitive international market." Industry officials pleaded for international customers to continue buying their products.

Under the agreement, signed last year, the industry will send its 10,500 child workers, mostly girls, to schools over a period of one year and will pay \$1m towards the cost. Each child will receive a stipend of 300 taka (\$8) per month. The ILO, UNICEF, the US government and BGMEA are sharing the cost of the rehabilitation programme.

Factories will be opened to international inspection. Businesses found using child labour would be heavily fined and, if caught a second time, could lose their export licences, said Mr Redwan Ahmed, head of BGMEA. "It is a memorable day for the garment sector of Bangladesh," he said.

Child labour has been one of the major social problems in impoverished Bangladesh, but it is also a big source of income for many families.

Rolf Carriere, the UNICEF representative in Dhaka, said children under the age of 15 were still being employed in 300 different types of jobs in the country.

If the agreement is effectively enforced, it could prove a model for eliminating child labour elsewhere in the region, says observers.

THE LEX COLUMN

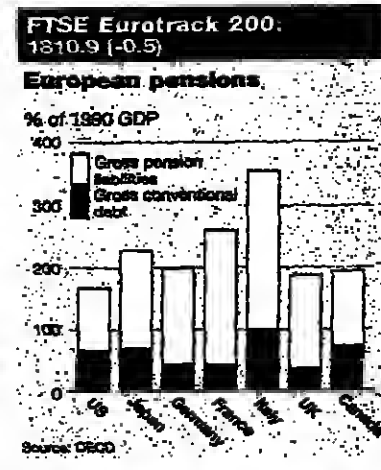
Transatlantic link

A \$60bn-plus combination of British Telecommunications and MCI, probably in a mixed cash-and-shares deal, would create a behemoth even among the world's telecom giants. And that is precisely the point. The enlarged company would have significant market shares in the US and the UK, the two most competitive phone markets in the world. With huge critical mass, it would be well-placed to expand into other international markets and to gain access to leading-edge technology.

BT, as the senior partner in any deal, would gain more direct control of a chunk of the rapidly growing US market for long-distance telephony - something its present 20 per cent stake in MCI does not really give it. It would reduce its dependence on heavily regulated Britain and may also get its hands on content through MCI's alliance with Mr Rupert Murdoch's News Corporation. And it is a neat riposte to AT&T which has been nibbling at BT's domestic market share.

The alliance would, however, still lack a local network in the US. Given the recent shift in value in the industry from long-distance to local traffic that is a real concern - and may well be why MCI is also keen on a deal. There is also no guarantee that the two companies will be able to tie the knot. A premature leak of its discussions with Cable and Wireless eventually scuppered BT's ambitions in that direction.

Despite those caveats, however, a combination with MCI at the right price would be a huge coup for BT and Mr Peter Bonfield, its new chief executive.



channels than the terrestrial alternative, its commercial potential through offering lucrative pay-per-view services - should be much greater.

Nonetheless, even BSkyB cannot rely on the competition just rolling over and giving up, especially since adapting a satellite "set-top" box to decode digital terrestrial signals can seemingly be done at modest cost. Moreover, if digital terrestrial television does get off the ground, BSkyB would doubtless prefer to be in rather than out. At least it could get access to more customers that way; conceivably, it could end up with powerful influence over its competitors' plans as well. Still, it is difficult to believe this is BSkyB's ideal outcome; most likely, the company is simply hedging its bets.

Housing prices

Mr Kenneth Clarke, the chancellor, said his surprise decision to raise interest rates this week was designed to "nip inflation in the bud". Will this extend to the housing market? Figures from Nationwide building society yesterday showed house prices rising at an annual rate of 7.9 per cent, the highest level since boom times in the late 1980s. Anecdotal evidence indicates that in parts of London prices are well into double-digits.

Given that mortgage rates were left unchanged the direct impact will be minimal. But there will be a psychological effect, with fear of further rate rises damping the appetite for borrowing. Enthusiasm for long-term debt has anyway been subdued. Many households retain obstinately high gearing levels, having borrowed heavily in the 1980s only to see the value of their equity fall. Lower inflation has compounded their difficulties, while heightened job insecurity has also encouraged greater caution.

Both prices and transaction volumes remain well below the levels reached in the late 1980s. But prices have recovered more quickly, albeit with many homeowners still trapped in negative equity and unable to sell without suffering losses. Continued price recovery will free many from this trap, bringing more supply on to the market. This would be welcome, breaking the logjams which have developed at certain price points. But it will also curb price rises. The current recovery looks set to remain more boomlet than boom, and so much the better.

President calls for ban on foreign campaign donations

By Jurek Martin in Boston

President Bill Clinton yesterday called for a ban on all US political contributions from non-citizens and the US subsidiaries of foreign companies.

He maintained that both parties were responsible for current abuses and excesses, and blamed Mr Bob Dole, the Republican presidential challenger, for blocking five of the last six bipartisan attempts in Congress to reduce the influence of special interest money.

Mr Clinton's remarks came in the middle of a standard stump speech in Santa Barbara, California, and were his first formal comments on the growing controversy of foreign - mostly Asian - contributions to the Democratic party.

At issue have been \$450,000 in legal donations from an Indonesian couple of apparently modest means but with connections to the country's

LIPPO conglomerate. The Democratic National Committee also returned another \$250,000 donation, having determined that it came directly from a Korean parent company rather than its US-based subsidiary.

Questions have been raised over another \$140,000 raised at a Buddhist temple in California in the presence of Mr Al Gore, the vice-president.

On Thursday, Ms Janet Reno, the attorney general, said she was prepared to investigate whether these donations warranted the appointment of a special counsel.

In Washington yesterday, Mr John Huang, the party fundraiser charged with generating financial support from Asian American business interests, was again cross-examined by lawyers interested in the extent of his access to the White House.

Mr Clinton made no direct reference to Mr Huang or his

activities, though he noted that Republicans had also accepted contributions from foreign sources.

He regretted that both parties were engaged in "an escalating arms race" for campaign money.

"There's too much of it," he added, pointing out that, in this election cycle, Republicans had raised \$939m against \$241m by Democrats.

Banning foreign contributions was not, he insisted, an anti-immigrant approach. "The essence of democracy is that only citizens can decide and vote... so only citizens should be able to contribute."

He said there should be "voluntary campaign spending limits", and also free TV air time for those accepting such limits.

Losers in Massachusetts Page 3; Editorial Comment, Page 8; Natural born campaigner, Page 9

Perfect end to Clinton campaign

Continued from Page 1

backdrop reflects good luck and skillful management.

Mr Clinton entered office soon after the start of a business cycle upswing. He was almost bound to enjoy faster economic growth and a lower jobless rate than his predecessor, George Bush.

But he helped matters by taking action to cut the budget deficit in 1993.

Mr Alan Greenspan's adroit monetary management as Federal Reserve chairman has also paid dividends for the White House. By acting swiftly to raise interest rates in 1994, Mr Greenspan headed off an increase in inflation, helping to create a tranquil pre-election economy for the president this year.

The latest data, however, confirm that not all sectors of the economy are equally buoy-

ant. As throughout the past four years, the bulk of employment gains last month was in service industries. Manufacturing employment was flat after a big fall in September.

Purchasing managers yesterday reported a fall in their index of manufacturing activity from 51.7 per cent in September to 50.2 per cent last month, only just above the threshold that would signal a contraction of factory output.

FT WEATHER GUIDE

Europe today

The British Isles will be unsettled, but temperatures will be mild. Southern France and Spain will be warmer and sunny. Italy will also be sunny but there will be cloud north of the Alps. A wavering front with rain over England will move towards the Benelux during the evening. It will be mainly cloudy with occasional drizzle from the Baltic states to the Netherlands. A strong low near Norway will bring rain and gusty winds to southern Norway and northern sections will see scattered cloud and snow showers. Central Sweden will have light morning frost.

Five-day forecast

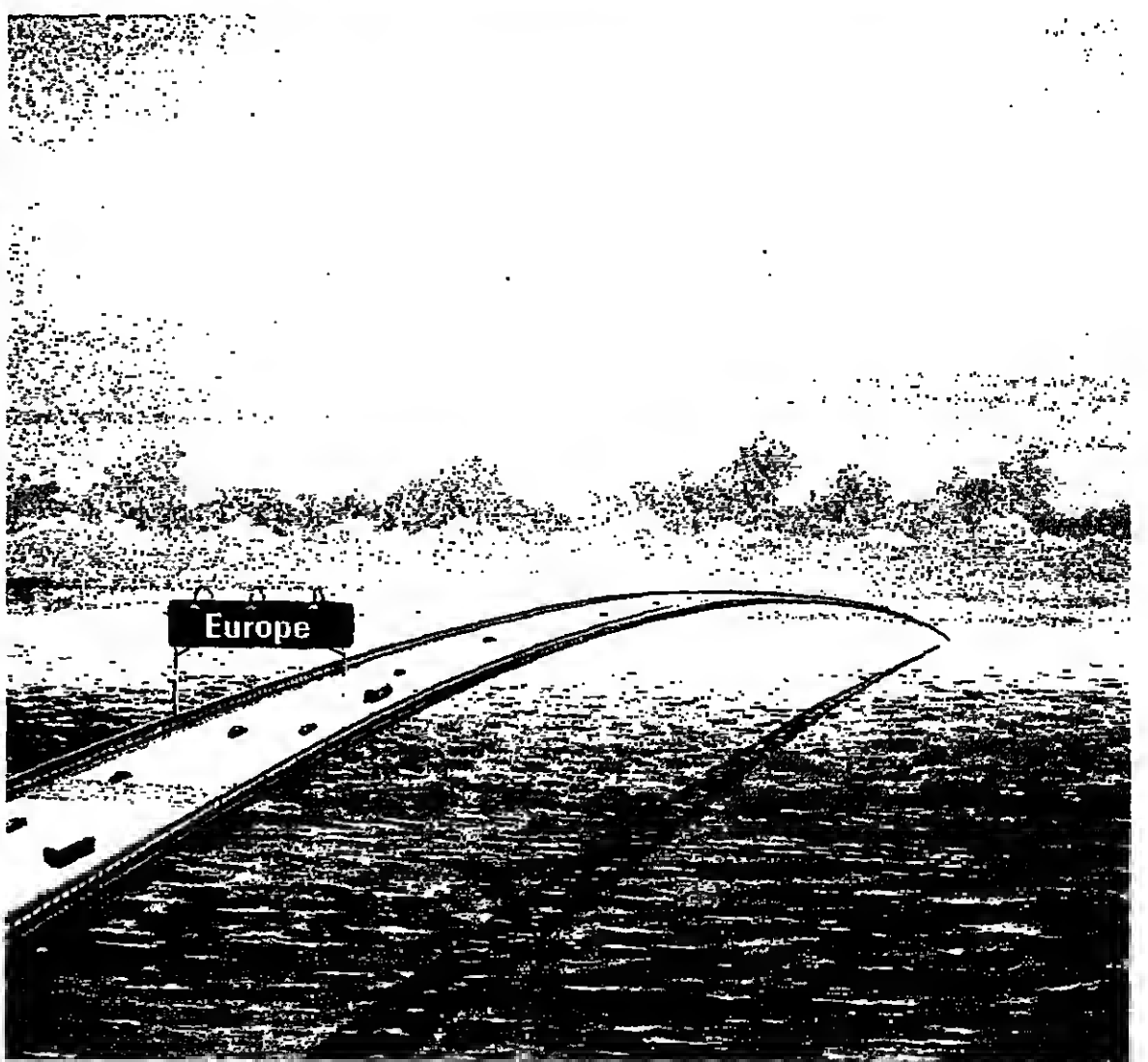
South-east Europe will turn warm and dry tomorrow. Dry conditions and higher temperatures will spread to all of eastern Europe next week. The North Sea region and southern Scandinavia will continue breezy and rather wet.

Station at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Station	Temp	Station	Temp	Station	Temp	Station	Temp
Abu Dhabi	33	Cairo	28	Faro	20	Madrid	18
Accra	30	Cardiff	15	Frankfurt	15	Malaga	22
Algiers	22	Geneva	10	Gabara	20	Manchester	18
Amsterdam	15	Hamburg	15	Glasgow	15	Manila	22
Athens	17	Dakar	33	Helsinki	18	Mexico City	27
Atlanta	21	Dallas	18	Hong Kong	30	Miami	30
Bahia	26	Dubai	34	Honolulu	29	Milan	17
Bangkok	31	Dublin	14	Istanbul	14	Montreal	13
Barcelona	19	Dubrovnik	15	Jakarta	31	Moscow	13
		Edinburgh	15	Jersey	15	Mumbai	28
				Karachi	32	Nairobi	31
				Kuwait	26	Nagasaki	19
				L.A. Angeles	22	Nassau	22
				Las Palmas	26	New York	15
				Lima	21	Nice	19
				Lisbon	24	Nicosia	23
				London	17	Ozlo	10
				Luxembourg	17	Panama	23
				Lyon	12	Perth	15
				Madras	26	Prague	14
						Rangoon	23
						Reykjavik	10
						Rio	20
						Rome	18
						S. Francisco	22
						Seoul	15
						Singapore	27
						Stockholm	8
						Strasbourg	18
						Sydney	20
						Taipei	23
						Tel Aviv	23
						Tokyo	20
						Toronto	1
						Vancouver	12
						Venice	15
						Vienna	15
						Warsaw	10
						Washington	8
						Wellington	13
						Winnipeg	1
						Zurich	14

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Weekend FT

The search for the makings of greatness

According to Freud, the mother's favourite keeps forever the feeling of conqueror. Christian Tyler looks at theories on power

American presidents, like the leaders of most other countries, select themselves before they are selected. Voting them in and out of office is a straightforward business but the process of self-choice that precedes the public choice (if the public is lucky enough to get a choice) remains a mystery.

How do candidates reach the starting line? Why is the American electorate on Tuesday choosing between William Jefferson Blythe IV (a.k.a. Bill Clinton), not Roger Clinton his half-brother, and Senator Robert Dole not Kenny Dole, his brother? Was there some reason why earnest John Major became prime minister of Britain while jolly Terry Major-Ball was left to give jokey interviews to the pop press; why Muriel Thatcher lived in decent anonymity while her little sister Margaret inflamed the conservative passions of the world?

The usual answer is to speak of ambition, money, luck or accident. But surely there are other, more secret promptings that mark leaders out from the herd, whether it be in public life, in war, science, the arts, business or religion.

Many factors have been invoked to explain power, from small stature (Stalin was a puny 5ft 3in, Napoleon a disputed 5ft 2in), to social isolation (Napoleon came from Corsica, Stalin from Russian Georgia, Alexander from upstart Macedonia), to personal charisma (Hitler, Robert Maxwell and, yes, Bill Clinton). They are not enough. We must look into deeper - and darker - places.

"Some are born great," said the letter dropped in Malvolio's path in *Twelfth Night*. "Some achieve greatness, and some have great-

ness thrust upon them. Thy Fates open their hands; let thy blood and spirit embrace them..." Those who quote this old saw often forget that Shakespeare was only joking. So where else should we look?

The quest for the secret of leadership, of greatness, is a modern Holy Grail. Thousands of management textbooks are devoted to it. Some scribes aim higher. Howard Gardner, a professor of education at Harvard University, in a book tentaciously entitled *Leading Minds: an Anatomy of Leadership* claimed last year to have discovered the common denominator. He said the thread, which linked such disparate characters as Margaret Mead, Pope John XXIII, Mahatma Gandhi, Martin Luther King, Jean Monnet and Alfred P. Sloan Jr (the dynamic boss of General Motors) was their ability to tell a simple story. His theory got short shrift in the British press. Typical was the reviewer who said Gardner had failed to get his own story straight: he was just another American academic researching his own problems.

Great leaders are people who learn to know and control themselves before trying to control others, says a man who should know, he is a former head of recruitment and training for the British undercover regiment, the Special Air Service. Great wartime leaders, he says, come in two specifications: the erratic, creative sort, such as Horatio Nelson and Winston Churchill, and the cool rational types like Napoleon and Wellington.

The latest theory, conveniently coinciding with the US presidential election and already creating ripples in the places where this sort of thing gets discussed, comes from a researcher at the

Massachusetts Institute of Technology, Frank Sulloway. He has spent 25 years amassing evidence to show that the great innovators of history - revolutionary politicians, visionary scientists, radical artists, inspired tycoons - tend to be younger siblings.

A long-time student of Darwin and a biographer of Freud, Sulloway was puzzled by the fact that Darwin made the great breakthrough in evolutionary the-

ory where experts, much bolder than he, did not. He found the answer in the thesis that later-borns think more creatively because from infancy they are compelled to differentiate themselves from the conservative and powerful first-born in a domestic struggle for parental affection. They are driven by a Darwinian imperative to find an ecological niche within the family. Darwin was the fifth of six children. Sulloway's hook *Born to*

Rebel, published in the US by Pantheon and, later this month, in the UK by Little, Brown, encompasses more than half a million pieces of biographical data and includes a study of 6,566 participants in 121 historical events, among them the Protestant Reformation and the French Revolution. So even if the theory turns out to be full of holes, some imaginative later-born entrepreneur (the author himself, perhaps) should be able to

turn it into a best-selling Christmas board game.

Yet the idea is clever. Leave aside the fact that there are (or certainly were) a lot more younger children in the world than first-borns. Overlook the egregious counter-examples recognised

by Sulloway himself - the DNA-husters Francis Crick and James Watson, not to mention first-borns Martin Luther and Mao Zedong. Discount the author's excuses for only children (they are forced by biology to anticipate a non-existent sibling rivalry).

Swallow the scepticism which says, like the economics writer Samuel Brittan, that most new ideas turn out to be either wrong or old. Ignore the possibility that Sulloway, who has two older brothers and a younger half-brother, may be a further example of an American academic researching his own problems.

The sibling theory is attractive. We can all point to families where this kind of dynamic seems to be going on. There is even, as the London rabbi Sidney Richto pointed out, Biblical support. Did not God tell Isaac that the elder of the twins, Esau, should "serve the younger"? Jacob, his mother's favourite? Was not Joseph told that his younger son Ephraim would be greater than the elder, Manasseh? And when Jesse paraded seven of his sons before Samuel, he was told to bring in the missing youngest, David, who was tending the sheep, and anoint him successor.

Psychologically, the sibling theory sounds right. Expectations heaped on first-born children - especially if they are boys and especially in societies where primogeniture is still the rule for inheritance - can make them conformist in choice of career and conservative in tastes. Younger brothers and sisters, growing up in a more relaxed atmosphere, are freethinkers.

Yet there is an unpleasant hint of behavioural determinism behind the idea that parents are bound by the iron dictates of the evolutionary struggle to favour the children who carry favour hardest; or that younger children are condemned to rebel against the system - represented by parents and first-borns - that put them where they are.

A rummage in the psychobiography of American presidents suggests a whole lot more than the Sulloway sibling factor is at work.

For example, sudden death and physical handicap play a part. Bill Clinton's real father, Billy Blythe, was killed in a car crash before his son was born in 1946. His stepfather was aggressive and alcoholic, his much-married and ambitious



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Joe Rogaly

The bad good news

No wonder British voters contemplate a change of government

Britain is not badly run, well, not nearly so badly. Unemployment is falling. Inflation is probably under control. Most streets are safe, or anyway less hazardous than supposed. Prosperity is creeping back. A majority of the citizenry is beginning to feel optimistic. The government must be getting something right. It is time to throw it out.

Chap-log? Yes, but that is the national mood six months before the probable date of the general election. If the urge to remove Prime Minister John Major and his ministry remains as strong as it is today, the Labour opposition will be in on a landslide. This is curious. Most people are going about their business in a state of relative content. It is hard to discern what might drive them to notice the government, let alone vote it out. The answer is: froth. The way politicians behave, the way their behaviour is dramatised in the media.

Today's governing Conservatives are better at managing the country than they are at controlling themselves. This is an extraordinary change for a party that usually wins. On a fair day, with a stiff breeze behind them, most ministers know how to handle their official

paperwork, or so we must assume. It is politics they are no good at.

No good? They are running too hard. From time to time they slip. They fall on their faces. A fault has been revealed. We harrackers then jump up and down on them. Please note the restraint with which I offer this observation. It is the self-discipline of one who murmurs that the air in the elephant house is not perfectly fresh.

John Prescott, Labour's deputy leader, is less mealy-mouthed. "Humiliating, fumbling, catastrophic, devastating ineptitude - those are the words which best sum up this dithering, drifting, pathetic excuse for a government - and that's just from its friends in the Tory press," says Mr Prescott, enjoying himself.

He would not have been able to get away with such hyperbole if the Tories had not made it easy for him. Last week the home secretary, of whom the less said the better, intimated that the government would not provide parliamentary time for new laws to curb the activities of paedophiles and stalkers. The next afternoon the prime minister accepted an offer of co-operation from the leader of the opposition. Time would be provided.

U-turn, we media folk screamed.

This week the secretary for education and employment, a real charmer, hinted that the government would consider the re-introduction of caning in schools. A few hours later the prime minister said the opposite. Viewers concluded that he had not previously co-ordinated policies with his colleague.

Ministers can handle paperwork. It is politics they are no good at.

To the hard right, he came across as soft on playground thugs. Not bad for one telephone call. Weak leadership, we cried.

Why do the Conservatives do this to themselves? Fear. They are afraid of losing, so they behave in a manner most likely to ensure that they cannot win. Members of the British cabinet are by and large sane. Their file-boxes are replete with civil service advice. In theory, they are capable of sound judgment. Yet when something that might be on the

front pages comes up they fall to pieces. Over the past week or so this has happened on sex offences, gun control, banning combat knives, morality.

This has distracted our attention from the most outstanding recent example of death by politics - the sorry history of mad cow disease. That is the brain-rotting affliction which has been linked to its human counterpart. I resist the temptation to dip into Mr Prescott's thesaurus. Let's just say that in seeking to demonstrate to potential buyers of British beef that it is safe to eat, the government has vacillated. First it would not cull, then it would cull, then cull immense numbers, entire herds. Then it would not cull, then selectively cull.

The determining factor has been the schism over Europe. The European Union wanted cattle from infected herds destroyed, therefore the Tory Eurosceptics had to be appeased. The government floundered out of EU meetings, refusing to demonstrate a willingness to compromise.

In the end the prime minister concluded an agreement in Florence. The piece of paper he had before him would, he said, lead to a lifting of the ban on British beef starting this month. We

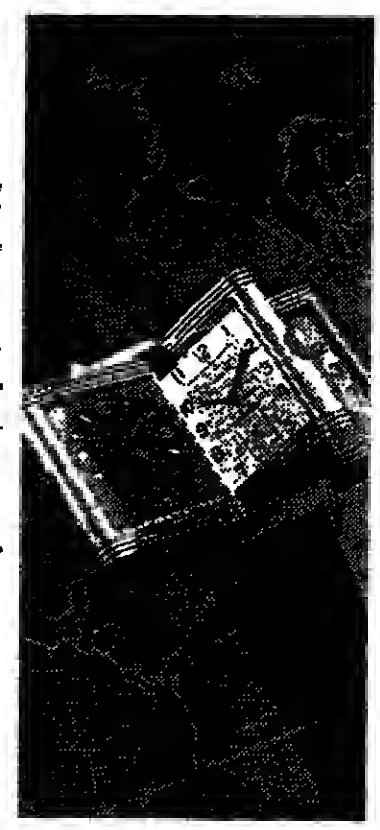
wait. The slaughter policy is too uncertain to satisfy the EU. No wonder voters contemplate a cull of Conservative MPs.

Clearly the Ministry of Agriculture Fisheries and Food has not covered itself in glory. Yet some departments of government work well enough. Social security has introduced successful reforms, and trimmed expenditure. Health needs more money, as ever, but Labour has yet to produce a convincing alternative to the Conservatives' internal market. Environment has a green et its head.

Above all, the Treasury has Kenneth Clarke. His guiding principle, expressed in private and in public since he took office in May 1993, has been that the electorate will respond well to good governance. He may be wrong. A prudent Budget in a few weeks would be praised by some of us. It might be well received by the markets.

Whether it would buy votes is open to question. If the Conservatives lose, it will be in spite of their successful management of the economy and their patches of competent administration. If they win, it will prove that voters pay scant attention to pretfalls in the political theatre.

ANOTHER TIME, ANOTHER FACE. REVERSO DUO.



REVERSO, ANANT-
HARSH SMOKE WOOL.
A WATCH AS VERSATILE
AS YOU ARE, IS A FRESH
LOOKING FROM THE
REVERSO - IN THE DOUBLE
PLEASURE OF CARRYING
TWO WATCHES IN ONE.
TURN OVER THE CASE,
AND A NEW WATCH
EMERGES FROM THE OLD.
FORWARD TO THE TIME
ARRIVAL OF THIS AGAIN
TO THE TIME OF YOUR
THOUGHTS. TWO BANG-
ING BACK WITH THE
CENTRAL-MOUNTED
HANDS, POWERED BY A
SMALL, MANUALLY
WOUND MOVEMENT
PATENTED AND CRAFTED
BY THE MASTER-
WATCHMAKERS OF
JAEGER-LECOULTRE IN
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PERSPECTIVES

The Nature of Things / Andrew Derrington

Blurred images of mental photography

I have just received details of a course in a revolutionary technique for reading incredibly fast. The leaflet promises that PhotoReading, which is based on a sort of mental photography, will enable me to "blast through books at up to 25,000 words a minute".

In fact, the scientists I contacted were not particularly interested. According to Keith Rayner of the University of Massachusetts, even the more modest claims of speed reading do not stand up to close scrutiny.

If you can't do either of these things don't worry - neither can I. But the experiment suggests that in a mental photograph of a page of text, most of the words will be unreadable.

When psychologists began to use eye-trackers, they discovered another limitation to reading speed. The brain can only take in a limited amount of information - referred to as the perceptual span - at one time.

video screen with nonsense strings of letters. Wherever the eye was pointing, a small patch of screen would have the correct letters, but everywhere else they would be jumbled.

Psychologists are now using eye-tracking to test theories of how we process language. Eye movements slow down when we process difficult words or complex sentence structures.

the left of the letter you are looking at. Others have shown that in Hebrew, where each character contains more information, the span is smaller, and in Chinese and Japanese it is smaller still.

Minding Your Own Business Breaking through the profits barrier

Clive Fewins on an Isle of Wight glass company recovering from a few turbulent years

A great cloud hung over the small Isle of Wight Glass company earlier this year. Some £10,000 worth - possibly more - of its products had been disappearing over a period of 18 months.

The result of losing four members of staff, the return of much of the stolen stock, and a radical rethink of their product range and company strategy.



Clear future: Tim and Jonathan Harris aiming for fame in decorative glassware

the centre of our philosophy," Harris said. The company produces 18 ranges, largely distinguished by their swirling and lustrous designs, achieved by finishing with precious metals.

A third of Isle of Wight Glass sales are made direct from the company's shop at its headquarters, a third is sold mainly through agents overseas and a third through the retail trade in the UK.

Truth of the Matter Shifting realities

The bishop and the constitutional expert were being grilled. What had they to say about the future of the throne now the royal divorce was done? The bishop was a model of moderate common sense.

observed and calibrated with increasing precision and certainty by us, the detached clinical observers, we are confronted with a reality that is systematically relative to the questions addressed to it.

FT-1,000

Since publication of the FT-1,000 Schools Survey last Saturday, we have been informed of a small number of errors.

Chess No 1122: 1 Qxh5, if only 2 Rf6, or g5e 2 Nf6, or g5 2 Qh7, or e5 2 Qd8, or Kg5 2 Qxg7, or Rd2 2 h2g7, or Nc4 2 Qd8, or Nc2 2 Cf7.

Continued from Page 1

mother Virginia indulged him, and his younger half-brother Roger went to jail for dealing cocaine. There was every incentive for bright young Bill to get the hell out of there.

The makings of greatness

and a lazy student who grew up in the shadow of a brilliant elder brother, Joseph. When Joe was killed in the second world war, young Jack was virtually driven into politics by his father, Franklin D. Roosevelt had a much older half-brother and grew up as an adored only child, the centre of attention and with a feeling of invulnerability which his polo seemed only to enhance.

The makings of greatness

revolutionary musical ideas, one would say, owed less to birth order - his elder sister died young and two younger brothers survived - than to the family's long musical tradition, his father's stern early indoctrination and later alcoholism, and his own struggle against deafness.

The makings of greatness

wanted to follow in the footsteps of his soldier father, killed before the boy's birth. Charles Blackmore, the army major who recently crossed the Taklamakan desert in western China, often recalled his dead father during the expedition.

Euro fast flight

HULL

PERSPECTIVES

Europe's fast food fight

The tasteless food society is not just a British phenomenon - it could be coming to a country, a supermarket, a shelf near you, warns Sue Style

In the little village of Isenheim in Alsace a group of 10-year-old primary schoolers are working their way appreciatively through a tray of *petits fours* brought in by guest chef Jean-Luc Wahl. Close by in Colmar, the children are nibbling on a selection of raw milk cheeses under the watchful eye of Monsieur Quessnot, the *fromager*.

Monsieur Marchand the local baker is doing a blind tasting of baguettes in which the children are asked to distinguish between a supermarket stick and his own crusty loaf.

Across the Rhine in Lörrach (Germany) the morning market is in full swing, the colourful stands arranged around the town square. Three times a week farmers' wives and market gardeners come in from the surrounding Markgräflerland to sell a bit of this and a little of that: paper bags of brown eggs, handfuls of beautifully grown and carefully cleaned lamb's lettuce, fresh walnuts and grubby potatoes.

Meanwhile, down in a suburb of Basle, schoolchildren sporting luminous triangular orange sashes are getting ready to walk home - unaccompanied - for lunch. On the menu there is salad from the family allotment, a fresh crusty *Bastardrot* bought from the corner baker, and a lean roast of pork with cottergates and ribbon noodles.

Earnest discussions with 10-year-olds about taste? Fresh, locally grown food bought from a real farmer's market? A nutritious hot lunch cooked from scratch and eaten *en famille*? These things are real, but are they typical? How different, fundamentally, is the food picture in mainland Europe from that in Britain?

Switzerland is a special case. For a start, small is beautiful. With kitchens resembling a medicine cabinet and freezers not much bigger than a tea chest, people shop frequently for small quantities of fresh foods. The once-weekly (forget once-monthly) siege mentality shopping trip is almost unheard of - a recent survey carried out among customers at the Co-op (one of the country's leading food retail-

ers with 18 per cent of the market) revealed that 50 per cent had been out food shopping the previous day.

Supermarkets are small and the meaningless multiplication of lines is necessarily limited. Since distances are also small, centralised distribution by food retailers is less of an issue.

Managers may also source certain fresh products locally: vegetables, fruit, milk, and - most important of all in this intensely *brotenuss* (bread conscious) country - bread.

Working habits (particularly of women) and school timetables also set Switzerland apart. Swiss mothers, imprisoned in their (small) homes by idiosyncratic school hours and general disapproval of working mothers, cook a large lunch daily - it remains the main meal for most people. The Swiss like to linger at the table over good food. In a recent survey by Nestlé, a significant proportion of Swiss Germans questioned fancied themselves as *Feinschmecker* (gourmets).

Where other countries have rushed into a headlong embrace with cook-chill techniques, vacuum packing, ethnic foods and frozen exotica, the Swiss are taking things more slowly. But the fast food culture is firmly anchored (McDonald's even has the concession on some Basle-

Geneva trains) and convenience foods are big - the country is, after all, the spiritual home of Knorr instant soup.

Ready-cooked meals - from frozen pizzas to vacuum-packed *schinkenbraten* (diced veal and mushrooms) and *rost* in a bag - are increasingly in demand, though few people would admit to using them other than as emergency rations.

There was a brief Swiss flirtation with so-called *Light-Produkte*



(low fat/low sugar products) in the early 1990s. Sales of reduced-calorie soft drinks and low-fat spreads have held up, but wherever flavour was an issue these products died an early death.

The biggest growth area in Switzerland is in organically grown foods. At the Co-Op, where there is a choice between conventional and organic (eg in fruit, vegetables, dairy, bread), close to 20 per cent of customers are going for organic in spite of a distinct price premium.

In Germany, the picture is more mixed. Food - as in the UK - is a class and an economic issue, as well as a regional one. The southern Black Forest, for example, has always had a genuine *Esskultur* (tradition of good food) probably not unconnected with its wine-growing tradition and its proximity to Alsace.

Even in less favoured parts of the country the food picture is changing fast. Many Germans, generally well off and increasingly well travelled, are discovering a taste for fine food, for which they are prepared to pay an ever higher proportion of their disposable income.

The growing interest in quality and taste is tempered by a concern for - and some would say an obsession with - health. The survival of the town mar-

ket selling locally grown produce is one of the most heartening facets of German food buying. Organic foods, always well received, are expanding in popularity, though these tend to be confined to markets or specialist shops.

Since the school day begins in Germany at 7.30am and finishes at 1pm, most children come home for a "proper" lunch, for many Germans still the main meal of the day.

But alongside the markets, the tradition of the freshly cooked daily meal and plenty of high quality raw materials, convenience foods of a fairly unsophisticated sort are thriving. Affluent households in west Germany spent about DM10 per week on deep-frozen *fix-fertig* (pre-cooked) products in 1991 - by 1995, the figure had almost doubled. Some of these, such as *speckbrödel* and *spätzle* (bacon dumplings and gnocchi) are indigenous, but most (pizzas by the tonne and pre-cooked potatoes in every shape and size) are international and anonymous.

And what of France, the bastion of good taste? First impressions on the food front are fairly frightening. Approach any large French town today and you could be forgiven for thinking you were in the US. Flashing neon lights

advertising hypermarkets and fast food joints assault the senses.

Inside the hypermarket, you find chicken nuggets jostling for trolley space with frozen pizzas, quiches, Weight Watchers' frozen dinners; on the shelves are jars of Uncle Ben's Coq au Vio sauce and vacuum-packed, pre-cooked chilli con carne.

At Carrefour, the French retail group, sales of takeaway foods (roast chickens, barbecued ribs, paella, couscous and the like) have doubled since 1994. The two bestsellers at French Tupperware parties this year are receptacles designed for microwave cooking.

Even lunch - that great bulwark of French society - seems to be under threat. Often, both parents are out at work, grabbing a hamburger or canteen lunch. Many children have school dinners or let themselves in for a latch-key lunch from the microwave.

A generation is growing up without the faintest notion of how to cook a fresh vegetable, roast a chicken or make *paté briard* laments Madame Becker of the schools' inspectorate in Colmar.

Bread is also under attack. Ten years ago, 90-95 per cent of all bread sold came from a *boulangier-artisanal* (craftsman-baker).

Today the figure is more like 75 per cent from the bakers and 25 per cent from supermarkets. Baguettes made from deep-frozen dough are baked on the premises and sold masquerading as *pois fat-maison*. Bought at lunchtime, such baguettes have developed a severe case of the droop by 4pm and are dead by dinner.

But, being France, taste is not going to disappear with a whim-

per. The palate education classes throughout the country are not so much a celebration of good things to eat, more an impassioned battle cry against the industrialisation and banality of much French food today.

The best supermarket breads are genuinely outstanding, made from the scratch on the premises by professional bakers. Takeaway roast chickens may be best sellers, but someone out there is still buying a lot of raw birds -

and of these, close to 40 per cent are *poulets fermiers*, costing twice as much as battery chickens.

The buzzword in French taste is *le terroir* as evidenced by the hunger for genuine, locally made regional products. Increasingly, these are coming from high quality, semi-artisanal producers, not from industrial giants.

Ready-cooked meals are often backed by a recognisably French gastronomic tradition and regional character, the best of them made by small local specialists.

And while shopping and eating habits are changing fast in cities, out in the country plenty of people still care passionately about food.

A reassuringly impressive slice of disposable income across all age groups and social classes in France is still spent on "real" food of measurable quality.

"All of life," observed Nietzsche, "is a dispute over taste and tasting."

Throughout mainland Europe, debate is currently raging. Even in countries with a track record in taste, fast food is fighting it out with slow food, and technodishes with *terroir*. The tasteless food society is a threat. It could be coming soon, to a country, a supermarket and a shelf near you.

At Carrefour, sales of takeaway foods have doubled since 1994

The siege mentality shopping trip is almost unheard of in Switzerland

Space is conquered, now for time

China is taking Hong Kong back, building by building, says John Ridding

The barren island disparaged by Lord Palmerston has long been buried under

bristling towers. So have the "sixty European-style houses and a few Chinese huts" cited in Hong Kong's first annual report to the Colonial Office.

Then, in 1944, the concern was whether a town could be built on the abrupt precipices, deep ravines and the hills which assumed a greenish tinge after the monsoon season - "like a decayed Stilton cheese". Now there is no stopping the expansion, upward and outward, in a territory that has overcome the restriction of space and is confidently confronting the limit of time.

Such is the force of construction that it is turning back the waters of Victoria Harbour, shrinking the channel between the island and Kowloon, and churning its currents. Cranes stoop over the skyline, preparing the ground for an 85-storey tower, the tallest in the territory, and finishing at the shoreline site where Chris Patten will bid farewell as Hong Kong's last governor.

The colony has always lived on borrowed time. So its bursts of building are much more than just construction. Skyscrapers make a statement in any city, but

in land-scarce Hong Kong their message is especially pointed as next July's hand-over appears on the horizon.

In part, the latest wave of building is the boldest gamble by the territory's real estate tycoons. Their still rising towers are profound commercial statements. Not for them the fears of a Communist landlord. "We don't just say we are confident. We are putting hard cash on the table," says Henry Cheng of New World Development.

Cheng and the other top property magnates plan to invest HK\$30bn (US\$1bn) by 2000, according to Lo Ka-shui, chairman of Great Eagle, the property company. That is enough to buy six dozen Rockefeller Centres or a flock of Canary Wharves. They shrug aside political risks. Some will tell you how their smartest investments were made in the wake of June 1989, when Beijing moved against its students. But behind the bamboo scaffolds which cling to the emerging structures, there are signs of territorial change.

Although Britain does not return its last colony until July, mainland interests are already taking it back, bit by bit, through the property market.

The glass shard that houses the Bank of China, designed in a semi-traditional form by the Chinese American architect I.M. Pei, soars above the Hong Kong bank of Britain's Norman Foster. The sharp angles of the Chinese bank are an arrow in the heart of the city or a pointer to prosperity, depending on your view. Down on the waterfront, the Jardines group - one of the territory's founding Hongongs - has seen its shoreline stronghold breached as two of the biggest local Chinese developers claw back land from the sea for their grandiose scheme. The panoramic view in Hong Kong has always been vulnerable to the shadow of the next grand design.

Next, to where Chris Patten will set sail for Britain, and alongside the future People's Liberation Army headquarters, Citic Pacific, the local arm of Beijing's



New replace old frequently in Hong Kong, where expansion upward and outward defies limitations

flagship investment company, is building a tower block. More will put their names in lights. "A lot of mainland groups will posi-

tion themselves before and after July 1997," says David Faulkner at Brooke Hillier Parker. "They believe it is important to be seen here."

Where to be seen remains pretty much the same - downtown and the harbour front for businesses, the Peak for their bosses. Who to

be seen with is less constant. The taipans of the traditional Hongongs are being elbowed aside by new establishment figures, such as Larry Yung. The Citic Pacific chairman and son of China's vice president has impeccable connections, a respected business acumen and a knack with Hong Kong's bosses.

Li Ka-shing, who started in plastic flowers and now stands atop the territory's business world, has been developing his own construction connections. He is building a headquarters for the Chinese foreign ministry at a knock-down price. It will stand on land once occupied by British civil servants and expatriate policemen - a changing of the bureaucratic guard.

Idiosyncrasies are etched into the skyline. Or at least the daunted face of the city centre, away from the compressed housing where most of Hong Kong lives. "California has a post-modern image and Kuala Lumpur is developing a Moorish style," says Ho Chai-wing, associate professor of architecture at

Hong Kong University. "But here there is no pattern."

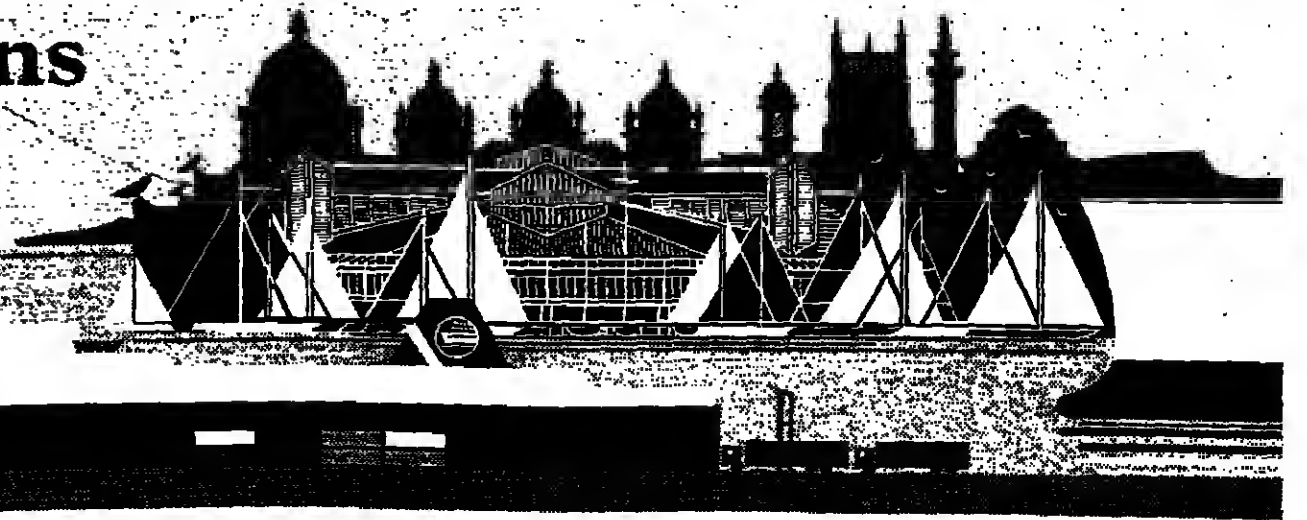
That is hardly to be expected in a city of entrepreneurs who build their empires and their offices with scant attention to the place next door. Nor can a pattern be easily built on such transient foundations.

Few buildings last long in Hong Kong. They go up fast and old is 20 years. Among the few exceptions are the governor's colonial home and the Legislative Council. After July next year, one will be gone and one will be scrapped - the associations they leave behind are unlikely to entice new tenants.

In a bout of urban planning, a group of pro-Beijing politicians is proposing a "cultural plaza" - a huge square down by the harbour with new buildings to house the territory's chief executive, legislature and the other institutions which will govern post-1997 Hong Kong.

The scheme will represent an important symbol for the Special Administrative Region of Hong Kong," says Raymond Wu, its champion. It is a bold project, which faces stiff resistance. For in re-casting Hong Kong's image, the square and its surrounds might emerge in Tiananmen's mould.

HULL - a city that means business....

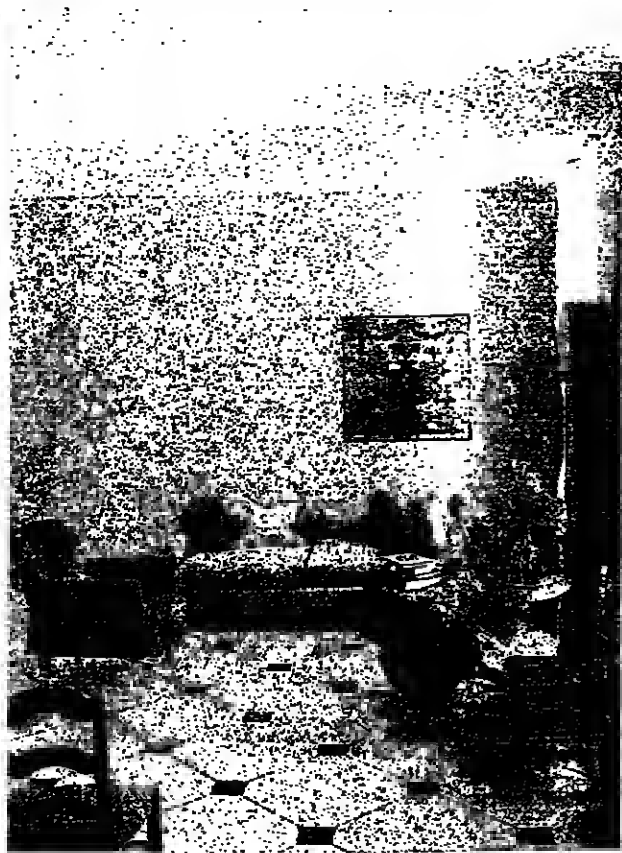


LONDON UPON HULL

HOW TO SPEND IT



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Designers Guild's brilliant lime green and crushed strawberry colours are a fresh alternative to chaste white interiors

Opening the closed door to the interior

Lucia van der Post reports on the taste displayed at a trade show

Do you drool over breathtaking interiors in some of the more aspirational glossies? Do you wonder where on earth the lucky owners found such an eclectic and decorative mixture of *objets* with which to enhance their houses?

The answer could well be Decorex, the annual September fair where the decorating trade shows its wares to each other and to the decorators who are its main customers.

At first sight this may seem of little interest to you and me - an exclusive little world from which the public is virtually barred.

But it and its like are to the world of the home what catwalk shows are to the world of fashion. It is the place where those with rarefied tastes and even more rarefied purses go to find

their version of decorative nirvana. What you see at these trade fairs is what eventually finds its way into the mainstream chains and shops.

There is, however, a crucial difference. Whereas the *houte couture* shows are really at the cutting edge, forcing-houses of experimental ideas, the world of decorating tends to play it safer. Those at the top of the decorating pyramid know what their customers like and, given that they are in a service industry, decide to give it to them.

So those design fairs that are aimed at what Peter York once memorably dubbed the "chintz girls and obelisk boys" tend to show the things that are currently *de rigueur* in decorating circles.

This means that though things do evolve, they evolve slowly. They are not the

places for bold new directions.

But these fairs are a wonderful source directory. Anybody wanting to know where to find all those essentials for the posh interior need look no further - the "Victorian" mirror, the crystal chandelier, the tie-backs, the Renaissance-style console tables, the heavy gilt lacoterns, the sconces and "Regency" sofas, they are all there.

What the trade has become adept at, it is clear, is almost perfect reproductions of all those pieces that are so perennially in demand that there are not enough proper antiques to go round.

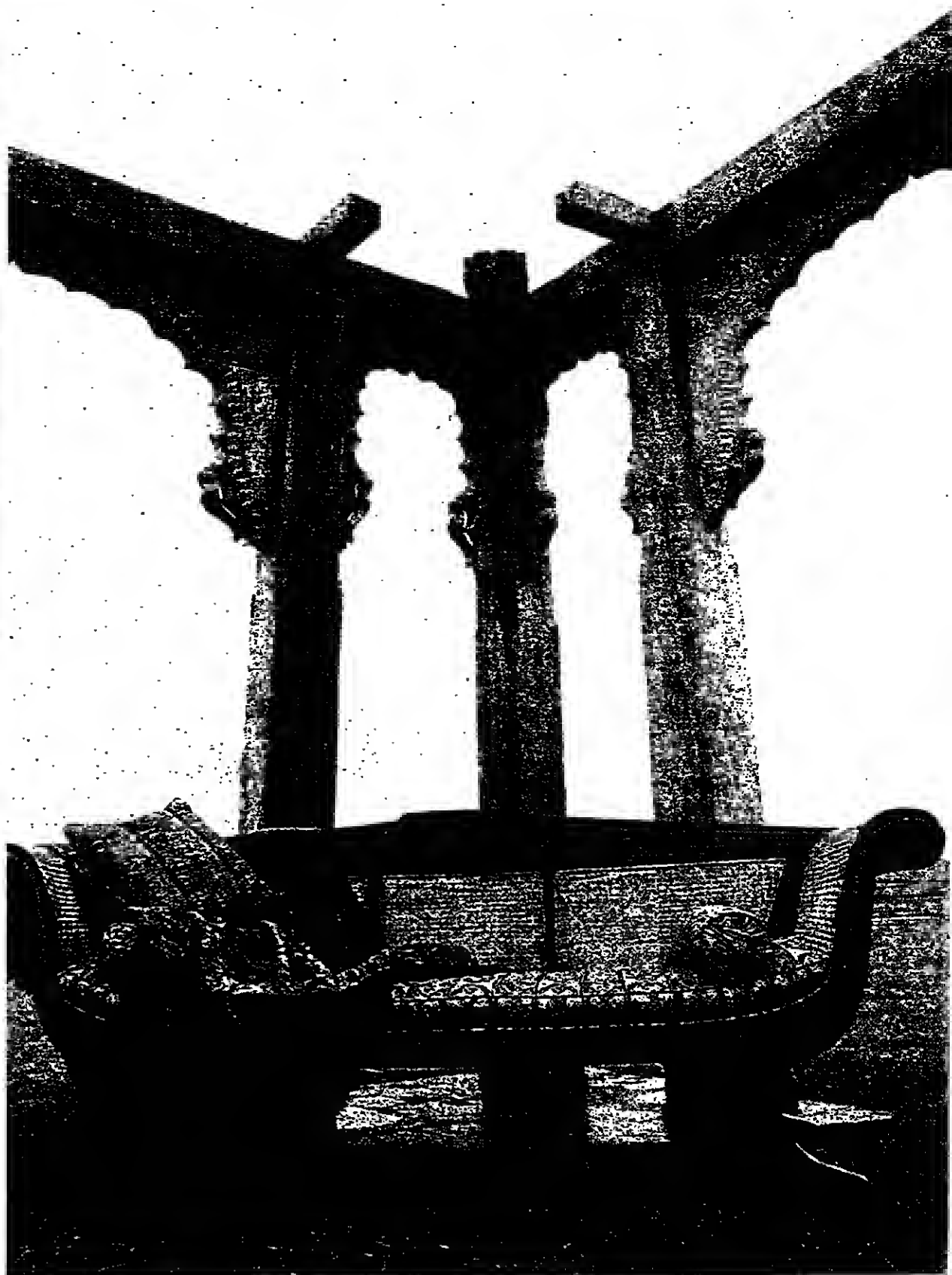
Take William Yeoward, for instance. He started off a few years ago offering wonderful reproductions of 18th and 19th century dinner services - the sort found in the old country houses, with proper tureens and serving dishes

as well as side and dinner plates. From there he has gone on to form a partnership with a glass manufacturer called John Jenkins and make perfect copies of 18th and 19th century glass.

This sort of thing is hard to find in antique shops and seldom seems to come in complete sets: tall champagne flutes, cut-glass goblets, square-based drinking glasses. He also offers splendidly sturdy cut-glass containers for salt.

Dinner services and glass can be found at William Yeoward, 336 King's Road, London SW6, and the glass also at the John Jenkins shops at Jenners in Edinburgh and Henningtons of Brighton, Liberty of Regent Street, London W1, and Mulberry Hall of York.

The Classic Chair Company offers a whole range of the sort of side tables that one sees endlessly photog-



The Raj sofa by William Sheppee is made from Sheesham wood, a wood native to Rajasthan but now grown throughout India; £998. For local stockists, telephone 01722-334454.

raphed in grand interiors. They look good in halls, in alcoves or backing on to sofas piled high with books. There is a "Louis XVI" console, a Greek key version, a "Georga III" and so on.

Most are finely carved and are almost exact copies of extant originals. Besides tables, there are classic Bergères, butler's trays, wall lanterns and many other essential ingredients of the country house interior. The Classic Chair Company is at The Old Imperial Laundry, 71 Warriner Gardens, London SW11 4XW.

Those with more exotic tastes should look out for William Sheppee. There are several strands to his hustle - he imports genuine Indian and Tibetan antiques; he recycles some antique pieces - such as using old doors and windows for tables and cupboards - and he commissions perfect copies of old pieces as well as others "inspired" by them.

They are made in India from Sheesham wood which is native to northern Rajasthan but is now prolific throughout the sub-continent. Many represent excellent value.

The pieces range from coffee tables to cupboards, chests, chairs and sofas. William Sheppee is a manufacturer and wholesaler, so ring 01722-334454 for local stockists.

If you feel you have already seen one too many interiors based round blond wood floors and white paint (not to mention the ubiquitous white sofa), remember that there are fresh, contemporary alternatives.

Tricia Guild, for instance, while being careful to offer her customers plenty of plain rough linens (to the fashionable palate that runs the gamut from white to cappuccino) and natural weaves, has launched a collection of wonderfully colourful papers and fabrics. They fairly ring with colour - from brilliant lime green through to deep indigo and lapis lazuli blues to citrus and red.

Some of the most beautiful are her Karahan printed fabrics inspired by "the colours, textures and designs of early Japanese and Oriental textiles". On cool cotton and soft-crush linen they are fresh and different.

Finally, one of the most interesting companies to show at Decorex was one of

the smallest. De Le Cuofia Designs, founded by South African-born Bernie de Le Cuofia, has some wonderful damask cloth. "I love old starched tablecloths and I found a company in Russia that would adapt old tablecloth designs and make them for me."

The result is three designs - one featuring lace-like inserts, one with swirling self-pattern and the third which features a geometric self-pattern.

I like them best in white but they will later come in indigo blue, yellow, honey and tobacco. Sold by the metre (from £38), the damask can be made into cloths for large dining tables or curtains. And it can be washed in a washing machine.

De Le Cuofia Designs is also importing a range of Paisleys based on documents found in museums in India and Kashmir. These are sold both as hand-loomed throws (about £99 each) and at £60 a metre. In the range, too, are plain linens (from £30 a metre) and a range of accessories - cushion covers and the like - made from both the Paisleys and the linens. The General Trading Company, 144 Sloane Street, London SW1, has the complete range. Ring 01753-830301 for local stockists.

Round table with a cast base and composite top, 740mm high, 1,200mm diameter, it can be painted to order. From £807 from Antacus, 3-11 Pensbury Place, London SW8 4TP

Blue crystal salt holders by William Yeoward, £50, just one of a series of cut-glass crystal containers

Blue crystal salt holders by William Yeoward, £50, just one of a series of cut-glass crystal containers

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HOW TO SPEND IT

A fine, full-flavoured family affair

Nikki Tait finds wine is central to the lives of Brian and Fay McGuigan - founders of one of Australia's best-known producers

Brian McGuigan, who runs the quoted Brian McGuigan Wines, is one of Australia's best-known independent winemakers. He and his wife, Fay, built up the Wyndham Estate winery in the Hunter Valley, before it was taken over by France's Pernod-Ricard group, for about A\$70m in 1990. This left the McGuigans with a fistful of dollars - and a hole in their lives.

So they started again. The current company's board is packed with Sydney "notables", from an ex-state premier to the head of the largest Australian-owned investment bank. Despite this, McGuigan Wines remains a family affair. Brian's father, who first acquired the Wyndham properties and was a winemaker with Penfolds for 40 years, offers help and advice. Lisa, the couple's 29-year-old daughter, runs the marketing arm and is on the board. Neil, Brian's brother, is also a director.

Fay McGuigan, who married Brian 32 years ago, handles the export sales. These are principally to the US and UK, but increasingly into Asia. The McGuigans live near Pokolbin in the Lower Hunter Valley, a wine-growing region north of Sydney.

Brian McGuigan
"All the time is spent on the business. When you've got a relatively new company, you've got to put every bit of effort you possibly can into it, every waking moment."

"Quite simply, the opposition is very, very formidable and competent. But, I suppose, apart from that, I just love it - particularly the viticultural side. "It's so rewarding," you know. The grapes really talk to you. The more you attend to them and the more you identify their needs, the more they react for you."

"We've got a lot of vineyards now, across Australia. So I need to spend time going round, just viewing them."

(In total, the McGuigans own about 2,000 acres of vines, spread across New South Wales and South Australia.)

"The other part of the business is attending to the marketing - and that takes us all over the place." Asked about his own cellar, McGuigan waves a hand towards the back of the house. "I've got a roomful out the back there - and up in the winery too. When we moved from Wyndham, I had a lot of wine but, in truth, it didn't get put into an air-conditioned store, so I lost most of it."

"We're just about to air-condition that part of the house, so I haven't put too much imported wine in just yet."

"And I've been using our local stuff fairly quickly. When we have a party here, we use a lot of grog, let me tell you. The locals can drink," he chuckles. So there's a lot of entertaining?



A taste for wine: Brian and Fay McGuigan's time is predominantly spent cultivating the business they love in the UK, US and the potentially huge market in Asia

"A lot. Well, it is the industry. People drink it. People love it."

The McGuigans' house - a light, open, one-storey building, flowing with sofas and tables - has been designed with this in mind. McGuigan says that it first functioned as a wine-tasting centre for one of the Wyndham labels. After the takeover, they reacquired the property and "finished it off as a house". "We got the same architect, and he helped develop it as a home, but also as a place where we could entertain a lot of people."

"He came from Sydney. He's actually a Pom - you buggers are everywhere - but he's excellent. And while he's a Pom, he's got a real feel for Australiana, and what's right."

"We've got an area out the back where we entertain international visitors. What they want to have is an Aussie barbie, and it's nice to bring them here with that backdrop of a mountain. Of an afternoon, we'll take them up that road. They see 10 or 15 kangaroos hopping across, and think they've seen outback Australia."

The use of wood throughout the house is also noticeable. "I love timber - it's such a fantastic thing," McGuigan says. He returns with a large wooden emporer (minus any handles) bought recently from an "Australiana" store

in Canberra. "This sort of wood can't be obtained any more - it's called black opal tree. In fact, if you have a grain in it."

Music and reading, he admits, get minimal attention. "I think we Austies, we're more operators, rather than theorists. We've got so much to do and there are so

Australia



few people to do it."

Meanwhile, even the family cars have been pressed into marketing service. The number-plate on his wife's white Mercedes-Benz is "WINE1", he has "WINE1", and Lisa enjoys "WINE2".

"Special number-plates cost about 150 bucks a year, but they're worthwhile. You see people pointing at them all the time," McGuigan says. "But my brother has the best of all. His is "WINEO". He has to weld it on."

Fay McGuigan:
Fay McGuigan turns up for lunch, bubbling with excitement because she has just sealed a Chinese export order for 50,000 cases of red wine. Like her husband, she admits that business and personal life are hugely intertwined, although she tries to make some space.

"Brian doesn't seem ever to want a break from it. He loves every minute of it, and doesn't care if he doesn't take a holiday. He's been like that for 32 years and I'll never change him. But my parents are getting older, and my sister's been ill, so I like to have a little bit of time for private things."

Even so, it is a struggle. "I used to love tennis - but that went by the way. It was always in the day. I wanted to learn bridge, because I think it's great for your brain when you get older. But again it suited the majority of people during the day. Recently, I decided to do a folk art course. The emphasis is painting flowers - beautiful things like daisies, sunflowers."

"But that's about the only interest I have outside the company... I work seven days a week to get through what I do in export."

Entertaining is a shared labour. When the McGuigans were introducing the new company's wines, they held four dinner parties a week for nine months. Keen for

the personal touch, Fay had her own garden, with a really large herb garden. I've also got another fairly large garden where lots of sunflowers grow, so if I'm caught without flowers in the house, you know, it's quick. There's roses and lavender, so you can always put a nice bunch together in the guest bedrooms."

"In fact, I'm an early bird. It's nothing to go out at quarter to six in the morning and plant a few punnets of flowers or water the garden."

Travel is the other big drain on her time. "We don't travel together as much any more because the business has got so busy, and two people out gets really noticeable. It's predominantly in the US and the UK, but I can see a potentially huge market in Asia, so I'm sure we're going to have to do a third in Asia in the coming year."

"We tend to stay in the same hotels. You're only there for five to seven hours' sleep, and you know you can get coffee quickly in the morning and the phone calls will reach you. It probably doesn't sound very exciting, but on an export trip you aren't out there sight-seeing. "It took me several trips to be able to select the right clothes; I always took too much just in case the weather was different. But after a while, you do perfect what you need."

"You need suits all the time. What I usually do is sit down one night and write a packing list. I have a programme of all the appointments. So I work out how often I can wear the same suit. It might be three appointments, not living in it."

"Believe it or not, I do buy all my clothes in Australia. Less than 10 days ago, I was in Fifth Avenue in New York on business. My friends can't believe I came home without buying clothes. But I really do feel that clothes around the world are much the same. Australia has a great range of labels, and I've never found any country to be better. So I wouldn't have more than perhaps two outfits in my wardrobe that were bought overseas."

"It's a bit like finding the free time to go and sight-see... By the time you finish your promotions and your business meetings, you lose the enthusiasm to go out. So I'm very happy to shop in Sydney."

"I try to buy ahead of the occasion. If I see something, I'll buy it, whether it's for now or for something in two months."

Jewellery is a similar story. "Can you believe it? I've got one ring from South Africa which we bought about 20 years ago, and it's the only piece of jewellery I own that I haven't bought in Australia. I suppose if we did allow more time after we had done business, I'd be tempted. But we can't wait to get on a flight and come home. That's always so nice. Home is wonderful."

The Financial Times plans to publish a Survey on

World Airports

on Thursday, November 28

The world's airports will have to deal with an expected doubling in the number of air travellers over the next 20 years. They will have to do so while ensuring their customers remain safe from terrorist attack and while environmentalists oppose expansion of their buildings and runways. This Survey will analyse and assess developments in the industry.

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FT Surveys

Charity gift fair

Some of you may be surprised to note that How To Spend It has managed to get almost to the beginning of November without a mention of Santas, reindeer, trees or even fairy lights.

Those who believe in doing their Christmas shopping at what I call sensible times - like, in the few weeks or so before Christmas and not in the previous January sales - might like to know about the Cancer Relief Macmillan Fund's annual Christmas Market. It is the largest charity gift fair in the country with a wide range of presents on sale and all the stallholders not only pay £100 for their stalls (which, of course, goes to the charity) but they also give it 12% per cent of the takings. Last year the fair raised £210,000.

This year it will be held on Tuesday November 12 at the Royal Horticultural New Hall, Greycoat Street, London SW1.

There is an entrance fee of £3 (senior citizens and children free) and the market is open from 10am to 4.30pm.

Lucia van der Post

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FASHION

Perfectly mismatched for evening

Sumptuous stoles are back, says Karen Wheeler, and if you mix animal with rose prints, the clash achieves the ultimate effect

There is nothing like a sumptuous evening coat for making a woman feel pampered. Even the most modest of evening dresses deserves to be wrapped around in something a little more glamorous than the everyday garment that braves public transport and the office.

This year, the choice is more tempting than ever. Designers have come up with desirable ways of wrapping up elegantly against the cold, from fake fur stoles and duchesse satin wraps to strikingly patterned evening coats and opera cloaks.

Italian label Dolce & Gabbana deserves much of the credit for injecting both the stole and the short, shrug-on 1950s style evening coat with a younger, high fashion image. Until the trendy Italian duo sent a fake mink version down the catwalk recently, the stole had become almost a vestige of another era - associated only with grand maiden aunts and dotty duchesses.

Similarly, until recently the evening coat and dress ensemble was considered too formal to be fashionable. Dolce & Gabbana, however, has vamped up its image with irreverent, deliberate mismatches - teaming a zebra print shrug-on coat with a strapless cherry dress; or animal prints over rose print dresses, for an antique-store look.

Many designers including Roland Klein and Christian Lacroix are offering fastidiously matched dress and coat ensembles, which undoubtedly look chic. However, the best advice is to buy a coat which can be worn over other pieces in your wardrobe. After all, the beauty of a richly patterned evening coat is its ability to transform even the plainest dress with minimal effort.

There are other reasons too to embrace the opera coat this season. Current fashion favours a more overstated look and the little black dress will no longer suffice on its own. An opera coat or luxurious wrap or stole can be worn over anything from a sequined shift to a trouser suit and is a good way of covering bare upper arms and shoulders.

It is more than three decades since the stole was a fashionable item. In the 1940s and 1950s elegant women rarely stepped out in the evening without clutching a swathe of fox, chinchilla or mink around their shoulders. Now the stole is back and is being hailed as the luxury accessory of the season - although these days it is more likely to come in velvet, silk or duchesse satin.

Some of the best designs around are by "Wonderful



■ Above: Zebra print evening coat, £750, over black dress, £480, both by Dolce & Gabbana, 175 Sloane Street, London SW1. Gold wedding ring, £1,100, by Cox & Power, 95 Walton Street, London SW3 (tel 0171-589 6335). Gold satin bag, £155, by Anya Hindmarch, 91 Walton Street, London SW3 (0171-584 7644).

■ Above right: Grey duchesse satin trenchcoat with mink trim, £2,800, worn over matching dress, £1,800, made to order by Isabell Kristensen, 33 Beauchamp Place, London SW3

(tel 0171-589 1798). Ear-rings, £55, by Van Peterson, 194-196 Walton Street, London SW3 (tel 0171-584 1101). Diamanté evening bag, £350, and diamanté strap shoes, £199, by Ferragamo, 24 Old Bond Street, London W1 (tel 0171-629 5007)

■ Right: Pale pink velvet wrap, £149, over navy satin shift dress, £83, by Wonderful Wraps from Harrods, Knightsbridge, London SW3 (tel 0171-627 0045 for stockists). Multi-coloured bead necklace, £400, and earrings, £24, by Pellini Bijoux

from Liberty, Regent Street, London W1 and Harrods, Knightsbridge, SW3.

■ Below right: Silver silk organza trouser suit, £1,410, and silver paniné velvet tasselled stole, £375, made to order by Robinson Valentine (tel 0171-384 1476). Diamanté hoop ear-rings, £110, from Van Peterson, 194-196 Walton Street, London SW3 (tel 0171-584 1101).

■ Below left: Purple satin coat, £1,798, over matching dress, £1,900, both by Christian Lacroix, 8a Sloane

Accessories, as beautiful and eye-catching as you can manage, are an important part of the latest evening look.

■ Jewellery: in fashion circles, gold has replaced silver, and small, beaded necklaces and dangle earrings are back. The styles to note are Dinky Hall's big gold hoops or Elsa Peretti's gold mesh earrings (£245) from Tiffany. Curiously, the trendiest piece of all - as seen on the Gucci catwalk - is a gold wedding band.

■ Evening bags: a beautiful bag dangling from the wrist is essential and if small and antique-looking, so much the better. Among the best styles are Ferragamo's diamanté-trimmed satin bags or beaded styles by Betsy Zarycka or Ericsson Beamon. Dolce & Gabbana do wonderful bags in zebra or ocelot prints to match their evening coats, but at £480 they are not cheap.

■ Hair accessories: very much the thing of the moment. Coiffures are pinned their hair up in a chignon and securing it with a big silk flower by Johnny Loves Rosie (from £15.95 at Fenwick or Harvey Nichols).

■ Shoes: a divine pair of evening shoes is *de rigueur*. You cannot go wrong in a pair of slender heels by Mirelio Blaszyk or Johnny Loves Rosie. Ankle strap shoes - inspired by Gucci's gold platform version - are fashionable, as are Prada's chunky heel slingbacks. Russell and Bromley also has some very elegant black satin evening shoes.



Street, London SW1 (tel 0171-236 2400). Beaded wire necklace, £79.95, by Manguetta, 28 Kensington Church Walk, London W8 (tel 0171-937 2897)

□ Pictures..... Wendy Carrig
□ Make-up..... Denise Lilley
□ Hair..... Esther Chandler for Paul Mathews
□ Fashion Assistant..... Lorraine Pearson
□ Shot on location at The Collection restaurant, 284 Brompton Road, London SW3.

Wraps", a label started nearly three years ago by Olivia Manduca, who discovered a gap in the market through her own hapless attempts to find a cover-up for her winter wedding. "I wanted something really opulent to go over my cream Catherine Walker dress," she says, "but I couldn't find anything glamorous enough. I went to all the designers and considered having something made

before deciding to do it myself."

The emerald green velvet wrap that she eventually created provoked such a reaction among friends that she decided to go into business. Fans included Shakira Caine, wife of actor Michael, and several glossy magazine fashion editors. Manduca now sells her designs through department stores, including Harrods, and has recently branched out into velvet opera cloaks and satin evening coats.

"Besides keeping out draughts and cold, a wrap can really transform an outfit," she says. "A ruby red stole for example, loosely tied over a plain black dress, looks very dramatic." Her wraps come in a wide variety of beautiful fabrics (everything from organza to fake fur to tulle) and colours (jewel shades of emerald and ruby and ink blue for autumn as well as up-to-the-minute colours such as pistachio, petal pink and hydrangea blue). Most are interlined and padded for warmth and are substantial enough to be worn on their own over an evening dress.

Robinson Valentine, the duo which counts Viscount

ess Linley as one of its best customers, does a very simple, full-length velvet coat with long side slits as well as lightweight coats which can be worn all evening.

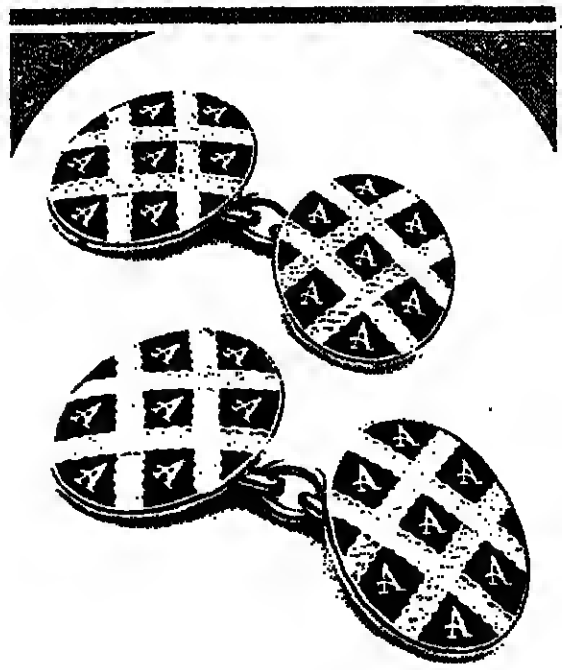
The duo teams evening coats with trouser ensembles for a look that is perfect for dinner, the opera or winter weddings. A particularly clever idea is a silver grey trouser suit which comes with a dramatic tasselled, shot velvet wrap. "It's ideal if you don't have time to go home and change before going to an evening function. Just add the wrap and the outfit takes on an entirely different dimension," says Valentine. While a velvet cover-up is relatively cheap, a good opera coat usually costs a lot more because they are mostly made from expensive fabrics. Among the most extravagant are Neil Cunningham's black satin 1960s-style opera coat over a black lace dress; Christian Lacroix's floor-length shimmering purple metallic dressing gown style and Isabel Kristensen's sea green sequined shift and matching short coat.

Dolce & Gabbana still have

some evening coats in animal skins or vintage floral prints left - a pale blue silk brocade coat sold out long ago in spite of its £250 price tag.

A good high street buy is Jaeger's black satin opera coat with bright pink lining (£299) while SportMax has an elegant lime green and white brocade evening coat (£365). This is designed to be worn over matching trousers but would work just as well

over a short, shimmering shift. Once you have invested in an evening coat, do not be afraid to mix it in with the existing evening pieces in your wardrobe. As Dolce & Gabbana have shown, if it clashes so much the better (the only rule is not to wear a short coat over long). And since these cover-ups are far too chic to be stowed away in the cloakroom, you could be forgiven for keeping them on all evening.



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TRAVEL

Fighting fit and healthy

Paul Betts visits a rural health resort which has benefited from a facelift of its own

For a moment I thought I had found Lord Lucan. He stood there by the front desk of Champneys, the health resort set in rural Hertfordshire in a rambling mansion that once belonged to the Rothschilds - thick black hair, natty moustache, beige cavalry twills, double-breasted blazer, matching paisley silk tie and handkerchief.

There was a certain impatience in his gaze. He seemed anxious to leave. "Come, let's go and have lunch at Aston Clinton a few miles away from here," he said. Other guests walking around in the big hall in white bathrobes and slippers hardly noticed him, while the reception staff went about their business with a sudden spurt of energy.

Viscount Thurso is their boss. For all his sophisticated, aristocratic manner, he has applied some painful old-fashioned medicine to revive Britain's oldest fat and fitness farm. Since he took over the running of Champneys a year ago, the management staff has been culled by half. "We had 60 people in various management positions. It was a bit of a turnover of £2m. And we were spending £800,000 on marketing alone. And on the wrong markets, what's more," he explained.

In the process, he has lost three stone in weight. Not so

much because of managerial stress, he said, puffing at a long Cuban cigar. "For my health's sake, the staff told me I had to lose weight." More to the point, a 16½ stone managing director was hardly good for public relations. "How could he represent the ethos of a health farm when he was fatter than most of his guests," an associate suggested.

The 43-year-old Liberal peer is no dilettante. He has spent all his working life in what he calls "the hospitality business". After Eton, he joined the Savoy group as a management trainee, worked in all the company's London hotels except the Connaught, and in all the principal departments including a year in the kitchen, six months as a waiter, a particularly enjoyable six months as a barman, and a year in accounts before becoming reception manager at Claridges. "When I first started, my school friends said I was entering into service," he recalled.

In the last few years he has also built up a reputation as something of a leisure industry company doctor. Before coming

to Champneys he revived the fortunes of Granfel Holdings, a subsidiary of the Kuwait Investment Office which owned three hotels and the East Sussex National Golf Course. During his three years there he turned the company around from substantial loss to profit.

So far, his cure for Champneys appears to be working. The financial situation has improved and the resort's owner (a very private and publicity-shy Saudi Arabian) has agreed to invest £2m on a new building and refurbishment programme. The company is also planning to expand overseas. "Our brand name is very strong for what in fact is only one little health farm. We can take advantage of that," Lord Thurso said.

Apart from the resort, Champneys runs a health centre in the Meridian hotel in London. The plan is now to open similar centres in other European capitals. "We will soon be opening one in Brussels and we eventually hope to develop 10 to 12 new clubs in other important cities over the next five years," he explained. Champneys was essentially sur-



fering from an identity crisis. It had great facilities and a strong name but a blurred vision of what it was doing. One of the main problems was efforts to promote its health-share business whereby customers would buy an annual time-share at Champneys. "People began to think we were a

time-share operation rather than a resort open to all," Lord Thurso said.

The new management has since sought to redefine the resort's image as a place where people can come for a day, a weekend or more to unstress, get fitter, be pampered or simply relax. The idea is that you should feel both physically and mentally better when you leave.

Lord Thurso carried a little card in his pocket with the resort's new "mission statement". It read: "Our mission is a total commitment to realising our guests' potential for health and well-being through their own personal programmes..."

My weekend at Champneys started with a medical. I had driven through the rather pompous gilded gates on a Friday night, opening on to a grand park with croquet lawns, tennis courts and putting green. Immediately after checking in and dropping my bags in a comfortable if somewhat stodgily decorated room, I made my way down miles of corridors to the health centre and the duty nurse. She measured

and weighed and quizzed me, took my blood pressure and reported I was fit enough to endure any of the countless treatments on offer.

Dinner later was surprisingly good: no starvation diet but healthy *cuisine nouvelle*. I was allowed to order wine. The dining room which had an unfortunate atmosphere of a refectory was full with a mixed bag of guests, some in their towelling robes: mothers with their daughters, elderly couples, a few single men and women, a brace of what looked like stockbrokers with their girlfriends, some very fat people and some sleek and slender health freaks.

The next morning I met some of these guests on a pre-breakfast guided walk round the grounds of the mansion. The rest of the weekend was filled with steam room, ice-cold pool, massages, a two-hour facial, aromatherapy in a dark room with the soothing sound of a rumbling thunderstorm playing on a background tape, hydro fitness exercises in the indoor swimming pool. I could have indulged in countless

other pursuits - anti-ageing treatments, a Cleopatra mud bath, an ancient Tibetan form of healing called Reiki, a pedicure specially designed for pregnant women.

By the time I left, I did feel a slightly different person: a bit confused but decidedly better. The electronic facial had left a glow on my cheeks and nose that lasted for three days before the London grime took hold again. The steam baths, massages and fitness courses seemed to have made me lose weight although I suspect it was more of a psychological than physical reaction. I was certainly more relaxed and extremely hungry.

So I was particularly heartened when Lord Thurso suggested we split an Aylesbury duck for lunch and enjoy it with good cheer. That, I decided then and there, was what made a visit to a health resort a worthwhile experience. You sweat and steam all day, you consume gallons of water and only the smallest drop of alcohol, you are rubbed and oiled and massaged, you are so exhausted you fall asleep at eight, and then, on Sunday, you leave the expensive ghetto and eat and drink yourself silly without the slightest remorse.

Champneys, Wigginton, Tring, Hertfordshire HP23 6HY. For reservations, Tel: 01442-873155; fax: 01442-874955.

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TRAVEL

Where tunas rain from 'temply skies'

An addict of Calabria, Nigel Andrews discovers yet another side

It was one of those grey, gusty Mediterranean days when, with nothing more sybaritic to do, one browses through the local tourist brochures wondering whether to translate its "English" back into more comprehensible Italian. "Calabria will amaze you with its environmental and panoramic mutability," declared my pamphlet, "which sweetens any ruggedness during the route which from the mountain leads to the two seas." Pure poetry. Someone should collect these manuscripts for an anthology of *vers troués*.

The two seas invoked are, of course, the Ionian and Tyrrhenian and the mountains I was nesting under are on the second. Long an addict of Calabria, that scaly dragon's back bristling with arcane forests and archaic villages between its modestly populated beaches, I used to haunt the other coast. But a favourite lady hotelier, who cooked fine food and spent impeccably dressed evenings with her guests *à fresco*, shooting mice with a shotgun as they high-wired across her electricity cable, went out of business.

You may well say "not surprising"; but her villa-style hotel in Rocella was one of the unknown wonders of Italian travel. My mouth still waters at the memory of her cooking, including a macaroni with gorgonzola *per morte*. After her hotel's closure I spent years seeking an adequate replacement on the Italian "toe".

Some time ago I found it. Here I am now on the Capo Vaticano, Calabria's answer to the Cape of Sorrento, paying high prices for the more organised beauty of the Albergo Bala Paraelios. Circumstance sends me here in September, driving down from the Venice Film Festival, but anyone with choice should go earlier.

The prettily furnished Hispanic chalets, cascading down a hillside lush with

bougainvillea and prickly pear, are a delight at any time. So is the sea, which is among the cleanest in Italy and edged with white sand. So are the diners, served on a high-roofed terrace. But the mountain thar-mals encourage dodgy weather in September. On my first day this year, sauntering back from a bathe, I met the maids as the clouds were massing. With my Italian still not in top gear, I said, "Brutto tempo", which I thought meant "bad weather" but actually means "ugly temple". They nodded bewildered assent. Then I pointed up to the clouds again. "Tormol!" I exclaimed, wishing to signify "thunder". The maids went into mysterious giggles. The word *tormo*, I later realised, unlike the word *tuono*, means tuna fish.

The advantage of this hotel is that on bad days, when tunas rain from temply skies, you can drive the three miles to Tropea. This is the gem of the Capo, perhaps of Calabria. Honey-coloured medieval houses rise from a sheer rock overlooking a turquoise sea. By road you can either pierce straight to the town centre, a jumble of cobbled streets and baroque façades built around a sunny piazza; or you can hairpin down to sea level and goggle up at the cliff-top dwellings, which

seem to grow straight from the limestone.

The place was founded, my brochure claims, by either Scipio or Pompey or possibly Octavius Caesar. "Possibly" is a word that in Italy you can swing around like a censer. Possibly Dante stayed here; there is a plaque to him. Possibly Garibaldi slept over; it was on his way from Sicily to Naples.

Everyone who comes here should climb the stone steps to the Church of Our Lady of the Island, a picturesque Byzantine-style sanctuary perched on an atoll in the sea. It is not quite an island. You climb straight off the beach, up past the cave of a net-mending fisherman, into the cliff-top haven whose roof terrace eyehalls Tropea's own sleeping bluff.

Walk back, too, into the church's garden, a ramshackle Eden of cacti and cork oaks where no one has observed the sign, "Please respect the plants and do not write on them". It is amazing how many incised graffiti one cactus can retain, everything from "L'Amore [heart with arrow] Fausto" to "Basta Berlusconi".

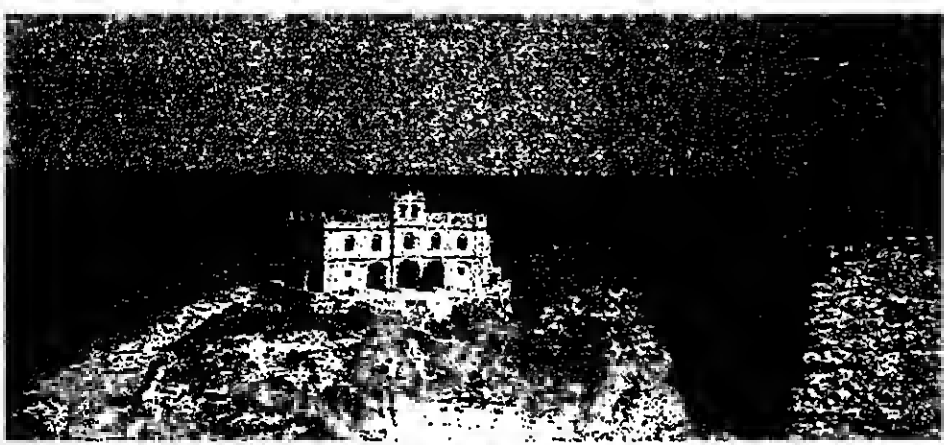
From here the full sweep of the coast opens up. The white beaches, ruined watch-towers, cerulean sea. There are other manage-

able expeditions berabouts. Pizzo, to the north, is a coastal town dripping with neglected antiquity. Though no one "sleeps here", the town is proud to boast that Joachim Murat, the former King of Naples and foe of Napoleon, was shot here. And if you drive south and east, you will be ambushed by entrancing villages such as Caria (castle), Spilinga (caves), Favelloni (street murals) and San Leo (giant puppets).

At the end of each day's touring, the Paraelios welcomes you back to a bathe, a drink and a glowing sunset. I have minor quibbles about this hotel. The service at dinner can be too fast. The maids can be too noisy - probably they are discussing the latest bowlers of the guests. And it is a long trek up the funicular-free hill to your car.

But finally, the place lives up to its price, and the surroundings to the description in my brochure. "The many kilometres of sinuous coast offer beautiful sandy shores and crystal-clear waters, large green oases one step from rocks tormented by waves. Calabria is to be lived as it is: a way of being which is startling because it doesn't correspond to the..."

And there the brochure ends, tantalising and irresistible, right in mid-sentence.



Tropea, the gem of Calabria: honey-coloured medieval houses rising from the sheer rock



La Palma beckons: walking inside the caldera is a serious business

Adam Hopkins

A walk on the wilderness side

Adam Hopkins braves the steep slopes of the Canary Islands

If you think the Canaries are completely naïf, you have probably spent too long in Playa de las Americas on Tenerife and not yet discovered that little triplet of lesser islands - El Hierro, La Gomera and La Palma - that lie a way out west.

They are a walkers' dream, especially for those with an eye to fascinating forests and astonishing wild flowers, a landscape that veers between extremely lush and crazily volcanic.

A necessary condition is sound knees and wind since the islands are very steep, and though you can often

arrange transport so as to start high and finish low, there is still an awful lot of down. That said, these islands are undoubtedly not far from paradise. Nor half so remote as Nepal and other touted walking spots.

A ferry transported us in darkness across the straits from Tenerife to La Gomera and quite a different world. Up and up and up went our taxi, driven by a grizzled old fellow who had spent half his life in Venezuela driving a truck. He brought us down the mountainside again to the Hotel Tecina, the island's only substantial hotel complex, built in Canarian style with lots of

wooden balconies and exotic gardens.

At noon next day, we took a picnic lunch and plenty of water, and set out in another taxi for the heights. The tops of the islands are hit by the trade winds, making them moist aloft, and providing just the right conditions for laura silva forests, full of laurel, unsurprisingly, and giant fern, their canopy alive with birds.

The forest on La Gomera is one of Spain's 10 national parks, and it contains fine walks. Restricted by time, we planned simply to walk down the mountain to the Tecina - missing not only forest intimacy but also the emerald green and implausibly terraced ravine of the near-vertical Valle Gran Rey which I had explored on an earlier visit.

What we got was spectacular enough. Starting from a vast, vertical shaft of rock - Agando, nearly 1,600 metres, with slivers of ice glistening on its upper parts - we soon passed out of the forest and on to steep, steep slopes, opening and closing concertina-like.

There was terracing here, long abandoned, with bristly almond trees and solo African palms (taller than the Canarian natives), abandoned villages and lived-in villages, with the barking of dogs, crowing of cockerels and a racket of frogs from the river beneath.

At evening, we came down towards the sea through a narrow valley, intensely cultivated, with potatoes, palms, more almonds, beans in bean rows, maize and carrots. Chickens and doves abounded; old men and women, sunning themselves at their doors, greeted us cheerfully. This, we thought, is how it must have been everywhere on La Gomera before hard times and mechanisation made the marginal land decisively uneconomical.

La Palma, a little farther off and reached by air from Tenerife, is an entirely different kind of place, 30 miles long and half that wide. It consists of a vast extinct volcano, with an enormous caldera inside it, and a longish volcanic tall, parts still active, stretching to the south. The best of the walking here is inside the caldera, ringed by precipices, but ringing too, at lower levels, with water and birdsong and a plethora of wildflowers. This extraordinary hole is five miles wide and 7,000ft deep.

Except for its precipices, the island is green all over and probably as beautiful as anywhere on earth. The heather grows 20ft high, there are 10 varieties of gorse, and the whole array is punctured by the brilliant blue of echium. Though the best months for flowers are April, May and June, there is always something new just coming out all year round.

Here, too, are laura silva forests; a mass of Canarian pine, that wonderful tree which regenerates itself after forest fire, green needles hurtling in triplets out of the blackened bark. As for agriculture, this climbs in logical progression from the sea, starting with

bananas, mangoes and papayas, followed by oranges and other citrus fruits, vines, figs and avocados. Next come cherries and chestnuts, plums, pears and walnuts. The various forms of forest top the lot, with just a small zone above the treeline on the main volcano.

Many of the villages are sweetly rustic while Santa Cruz de la Palma, the island capital, is well-provided with grand Canarian mansions and even heraldry from Habsburg days.

We set off on the classic route into the caldera, itself another national park, with a start by Jeep from the little town of Llanos de Ariadane, entering the caldera at the one real break in its rock wall and so to a point about a third of the way down.

We took a guide, since this is no place to get lost, but found the first two bours, down a well-made path, almost too populous - hardly surprising, since this is the main event on an all-out walkers' island. But it was lovely, with Canarian pine lit up as if from within.

The island is green all over and probably as beautiful as anywhere on earth

multicoloured volcanic boulders in the gulleys, flowers everywhere, and glimpses of the ring of precipice. After about two hours, the land flattens at a spot where streams run wide and are full of water plants over a gravel base. Here, walkers gratefully dip their toes.

From here, it got rougher and more lonely (most walkers return from the gravel beds to the starting point), justifying our stout shoes and ridged soles. The pine needles are slippery and, even though the sense of exposure is small, it would be easy to step off the path and wobble away into unseen depths.

Two hours of rugged up and down now followed, thrilling and with the sound of water always in our ears, with views of precipice and standing stones, once sacred to the Guanches, the stone-age people discovered here by the Spaniards in the 15th century and brutally conquered.

A final two hours out again along a riverbed, dizzy with boulders, brought us to a road and that beautiful sight - a waiting Jeep. The sun heat down and we had long ago drunk all our water, though carrying litres of the stuff.

In La Gomera, Hotel Tecina, tel: 00 34 22 850660. Six-day "progressive" walking tours (getting harder and harder, that is) available here through ASI, the Alps School of Innsbruck. In La Palma, Hotel Sol la Palma, and apartments of some, book via Tenerife HQ tel: 00 34 22 380150. For flights, Iberia tel: 0171-830 0011. More economically, Sunworld offers good-value charter flight packages, tel: 01132-555222.

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TRAVEL

Lost for words in the Glens

Kieran Cooke marvels at the unspoilt beauty of Antrim

William Makepeace Thackeray, travelling round Ireland in 1842, had an idea or two about how to enjoy such journeys. Rattling along the north-east coast between Belfast and Ballycastle in a horse-drawn coach, he was pleased to find he was in good company.

"There is no harm in saying that there was a very pretty smiling buxom young lass for a travelling companion; and somehow, to a lonely person, the landscape always looks prettier in such society."

By the time Thackeray reached the Glens of Antrim he was almost lost for words. "In joining together craggy, valleys, rustling streams, and high mountains, with all the emphasis and picturesqueness of which it is capable, we cannot get near to a copy of Nature's sublime countenance."

Thackeray was a lucky chap. Not only did I not have a travelling companion, I could hardly see the Glens for the rain pouring out of the leaden sky.

Yet it was wonderful. The Glens of Antrim are one of the most beautiful parts of Ireland. Unlike Killarney or Connemara, Antrim is largely unspoilt. There are none of the US style boardings which deface the verges of the south. No sign of the litter that decorates so many of the Republic's towns and villages. No levithanized tourist coaches squeezing down country roads, full of jet-lagged Americans or Japanese.

Outdoors might think most Ulstermen sound like Ian Paisley, all stone-cutting vowels and whistling teeth. Liam Blaney is the other voice of Ulster, as soft as the hill mist, as calm as an aged curate.

Liam and his wife Anne have converted a 19th century Presbyterian chapel into three self-catering apartments. "And what do you think of it here, Kieran?" asked Liam as we stood in his farmyard, the rain running down the back of my collar. Liam comes from a long line of sheep farmers. EU cutbacks on the farm meant looking for another source of income. Now Anne does much of the farming while Liam looks after the apartments. "All us farmers here

would be very protective of the Glens," Liam says. "The more I travel, the more I realise we have something special here."

For two days I walked from one glen to another - Glenarriff, Glendun, Glenballyemon - there are nine in all. Not surprisingly given the state of the weather, the rivers and waterfalls were in full spate, thundering down peat-blackened waters from the hills above.

There were no other tourists about. Liam says that the ceasefire in Northern Ireland encouraged people to venture up from the south. "They were amazed to find such peace up here." But the riots last summer plus the resumption of terrorist violence changed things. "There was a month when we did not have one single phone inquiry," Liam says.

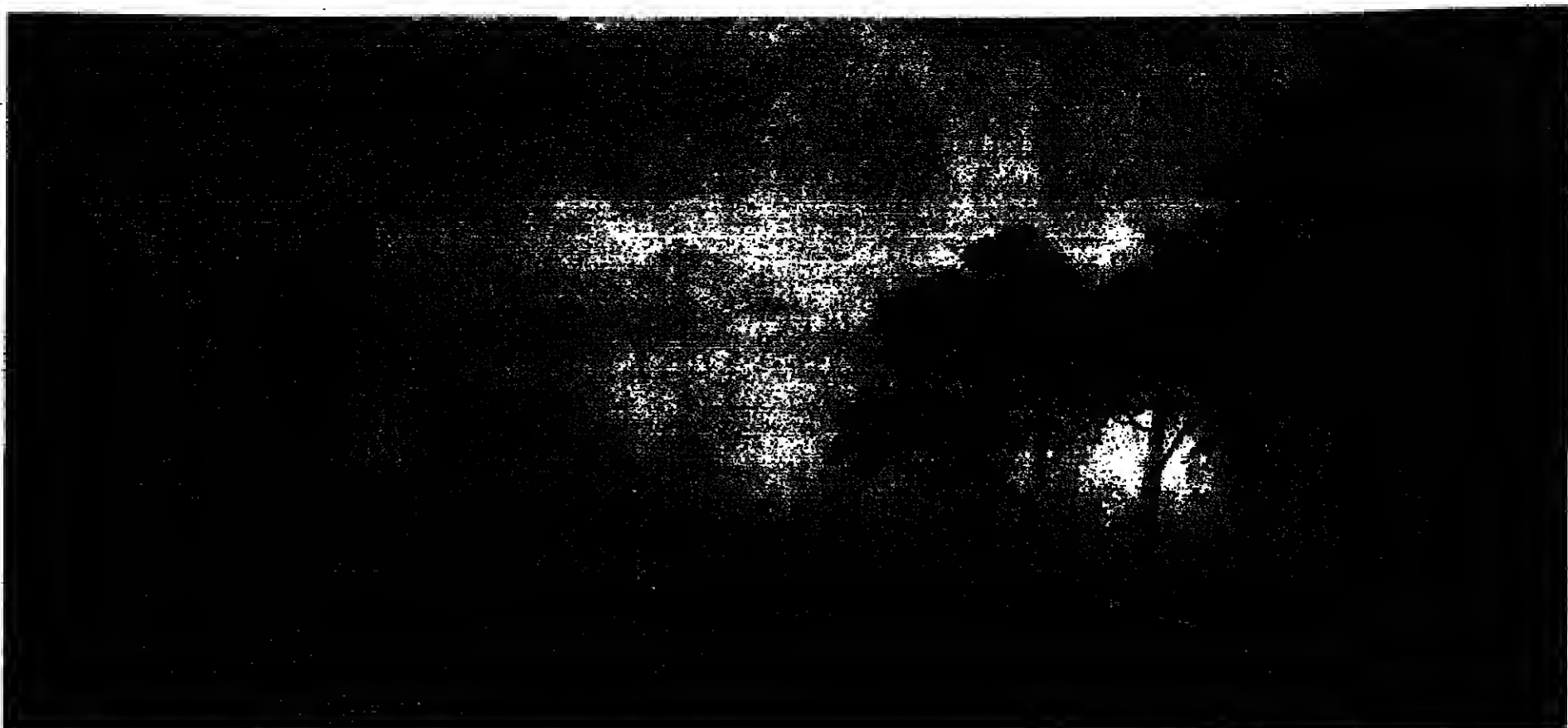
The glens are like one big arboretum, the trees a kaleidoscope of colours. The ash leaves were turning yellow, the nut trees red, the birch leaves brown. Neat, lush green fields were surrounded by rust-coloured ferns.

Self-catering is the answer in Northern Ireland. While standards of cuisine have improved in the south, much of Ulster is still at the incinerated meat and stewed vegetables stage of eating. I would return to the chapel for a shower, a plate of spaghetti and a glass or two of wine before heading off for a few evening pints.

I discovered McCollins in Cushendall, one of the best pubs in Ireland, full of snugs, fireplaces and red faces. Thackeray stopped in the town hut, this time, failed to find a pleasant companion.

"At this place a good dinner of fresh whiting, rolled bacon, and small beer was served up to me for the sum of eight pence, while the lady's maid in question took her tea. 'This town is full of Papists,' said her ladyship, with an extremely genteel air; and, either in consequence of this, or because she ate up one of the fish, which she had clearly no right to, a disagreement arose between us, and we did not exchange another word for the rest of the journey."

Millers self-catering apartments, Cushendall, Co. Antrim, Northern Ireland. Tel 01267-61221.



Setting forth with God's blessing: the early pioneers crossed the continent of Oregon's fertile valleys to get away from economic depression and pressure on the land. Painting by Albert Bierstadt. (The Oregon Trail, 1996)

Winding west with a mission

Nicholas Woodsworth joins the trail of America's pioneering farmers and settlers to Oregon

How does one spend a Saturday night in the town of Lincoln, Nebraska? At a Cornhuskers football game? At the blues bar known as The Zoo? Both were tempting. But with the next civilised place, Denver, lying 500 miles westward across the prairie, civilisation had become a commodity - I felt I should stock up on it.

So off I strolled across the campus of the University of Nebraska to an evening lecture at the Great Plains Study Center. Does that sound impossibly dull? For many people the only duller prospect might be the great plains themselves. I, certainly, was not contemplating with any pleasure the empty miles that stretched away to the Rocky Mountains - just staying awake behind the wheel was my concern. Then I started listening to the man behind the podium, Mike Farrell. He has been making documentary films about the great plains for more than 20 years, and is still wide-eyed and awake. The plains excite him and, in the end, they excited me.

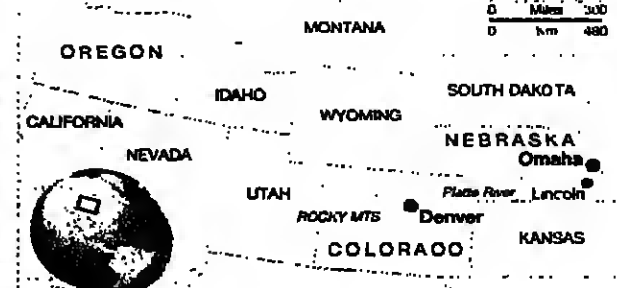
Farrell is too busy criss-crossing the prairie to spend much time in Lincoln lecture halls. He had just arrived from a ranch where CNN's Ted Turner is planning to run one of the largest bison herds in America. He was soon to leave again to begin a film on the Indian tribes of Oklahoma. But he found enough time the next

day to talk long and passionately to me about one westward route he is particularly ardent on - the Oregon Trail. Follow it away, he advised me. And so I did.

Just over 150 years ago American farmers and settlers living to the east of these plains began taking the same advice, striking out across the continent to settle in the fertile valleys of Oregon in the Pacific north-west. They did so partly because of economic depression and increasing pressure on the land. But they also left with a sense of divinely ordained mission. In the 1830s the United States ended at the Missouri River. Rapid expansion westward to the sea, as expressed by New York newspaper editor John O'Sullivan, was an undertaking endorsed by God Himself.

"The American claim is by right of our manifest destiny to overspread and to possess the whole of the continent which Providence has given us for the development of the great experiment of liberty."

Any knight-errant pushing westward to the Pacific would need such a grail, I thought as I made my way down Highway 30 along the Platte River Valley in Central Nebraska. Even this eastern part of the trail can seem inhospitable. The Platte - "too thick to drink, too thin to plough", as the pioneers had it - wound sluggishly over a bleak, nearly featureless plain as a cold wind blew my



van all over the road.

I knew I had no right to complain. Starting from the banks of the Missouri, the overlanders did not ride, but walked the 2,000 miles to Oregon, trudging along behind their heavily loaded, ox-pulled covered wagons. Nor did the hardships encountered - heat, cold, exhaustion, hunger and the biggest killer of all, cholera - deter those first pioneers who set out in the early 1840s.

The trickle soon turned into a tide. Mormons seeking religious freedom in Utah and adventurers seeking gold in California added to swelling numbers of Oregon pioneers. In peak years more than 50,000 people walked the rutted tracks that linked east to west, covering 15 to 20 miles a day for six months. By 1870, when the newly completed transcontinental railroad made it obsolete, up to half a million people had travelled the Oregon Trail, making it the largest overland migration of modern times.

I camped that night near Ash Hollow, where an abundance of wood and grass made this a sought-after camping spot in earlier times. These items, as much as the geography of river valleys, dictated the winding course of the Trail.

Unfortunately, increasing demand for such resources brought the pioneers into conflict with local Indian tribes. In 1855, in retaliation for the murder of American soldiers sent into an Indian village after a Mormon's wandering cow, 86 Indians were massacred at Ash Hollow.

Indian attacks were, in fact, rare - more settlers were killed along the Trail by accidental, self-inflicted gunshots than by Indians. Yet the Oregon trail has been mythologised in legend and a thousand Hollywood films as a story of God-fearing bearers of civilisation defending themselves against blood-thirsty pagans. Many Americans still believe in the myth, and that, Mike Farrell contends

in his documentaries, is why the Oregon Trail remains an important and living story - Manifest Destiny encloses within itself contradictions that continue profoundly to affect America today.

If white America created the myth of the scalp-hunting savage to justify its own systematic wiping out of an indigenous culture, Americans remain fascinated by the Indian spirit and way of life. Similarly, there are great contrasts between the country's eternal wanderlust, from *Huckleberry Finn* to *On the Road*, and the nation's longing for roots and community. So, too, is there a contradiction between America's love for the great, unspoiled outdoors and its compulsion for development and growth at any cost. All these things are brought sharply into focus along the Oregon Trail.

What also merged into focus for me the following day was Chimney Rock, one of the most famous signposts along the Oregon Trail and an enduring symbol of the

American west. Visible from 30 miles away, this remarkable towering rock, shaped like a tall inverted funnel, provoked both the joy and fear in every settler on the Trail. It meant that one third of the journey was complete, but it also meant that the difficult part was about to begin. Behind lay the flat prairie. Ahead lay high-altitude deserts and beyond them, the Rocky Mountains. Like countless overlanders before me I scurried up Chimney Rock, and found the going tough in thin, high air.

I did not, like other countless overlanders, carve my name in the stone of Register Cliff farther down the Trail near the Wyoming border - the hundreds of names still preserved there from the 1850s now form a monument to those many unnamed settlers who lived, and died, on the trail.

I did, however, scramble about the wagon-wheel ruts worn six deep into solid rock not far away. There are few places more eloquent of human passage in America. Here, indeed, was civilisation.

And so, when the group leader of a large red, white and blue bus of the Adventure Express tour company shouted: "OK, Pioneers, let's go!" to the party of foreign tourists also milling about the ruts, I snapped to. If America, as it is fashionable to say today, is a journey, then we were all overlanders. I was happy to heed the call to move on west.

Transports of delight around Amsterdam

Who needs cars when you have an efficient system of trams, trains, buses and ferries, asks Pat Walker

A group of small children in Wellington boots and anoraks is engaged in heated discussion over a tricycle. It is drizzling and the sky is ominously dark. The children settle their argument and one rides off. The rest embark on an intricate game of pretend. There is not an adult childminder in sight.

A 1950s rural idyll? Not at all. This is the Netherlands in 1996. More precisely it is Broek in Waterland, a 20-minute bus ride from the centre of Amsterdam. The main street, flanked by neat wooden houses, several dating from the 17th and 18th centuries, leads to a lake, abundant with waterfowl, and to the much restored 14th century church of St Nicholas.

Every garden is lovingly tended. Orderly rows of herbs and blossoms lead the eye to living room windows through which can be seen bookcases and pianos. In the past, visitors removed their wooden shoes before entering the village, so clean were its streets and homes. Even Napoleon is said to have taken off his boots when he visited the burgomaster in 1811. The pavilion in which they met is still perched over the lake.

During a four-day stay in Amsterdam, where trams and bicycles reign supreme and pedestrians and motor-

ists have learned to know their place, the efficiency, comfort and economy of Dutch public transport made it possible to pack in what felt like a fortnight's sight-seeing.

Trams clear an unrelenting pathway through the middle of the road; cycle tracks claim right and left edges. Pedestrians negotiate bollards and other pavement impediments on the narrow paths allotted to them and cars go by in single file between the trams and the cyclists.

Our bus from Broek to Marken skirted the picturesque waterfront centre of Monnickendam and took us through its residential area where the houses are built round water rather than a village green, and children sat fishing outside their front gates. We branched off across the reclaimed polder to Marken. On either side the lake created when the Zuiderzee was cut off from the North Sea - crashed against the dyke and storks, herons and cormorants rested on roadside posts.

In Marken, an island until 1897, wooden houses, clustered together for comfort and safety against the elements, are a sombre green, built on poles left open so that the waves could pass between. The area around the church is bleak, silent and plain, the domain of an

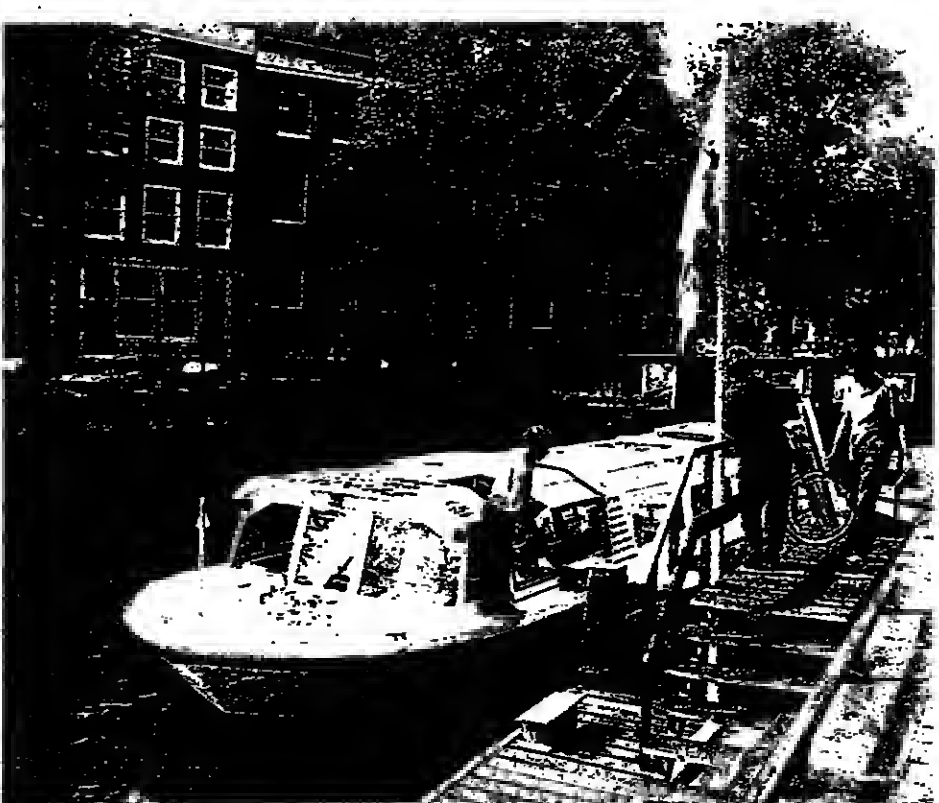
enclosed, strictly religious community.

We took the ferry to Volendam, where a brass band was playing in a harbour-front street filled with people in traditional Dutch costume. Something seemed strange. Was not that a Japanese face under the Dutch bonnet?

A local distributor of Japanese cars was launching a new model. Public relations stunt or not, the tourists loved it. A stream of Japanese faces popped up one at a time to be photographed between the trombone and the trench horn.

Volendam's main street runs along the top of the high dyke; below are winding, narrow streets of small brick houses with wooden gables. One of the best known ports of the old Zuiderzee, it depends now on eel fishing and tourists curious to see the traditional costumes worn in summer. The bus back to Amsterdam's Central Station takes 40 minutes.

Our visit to The Hague involved two trams and a tram. The inter-city terminal in Brussels has the thrill of all trains that cross national boundaries - even one as uncontroversial as the Belgian/Dutch border. We had to get off at The Hague HS, however, for the connecting double decker train to The Hague Central, and then a tram to the



Scenic route: the canal bus is just one of the many transport options in Amsterdam. Lydia van der Meer

breathtaking Binnenhof in its extensive watery setting, seat of the Dutch government. Behind is the Mauritshuis, the royal picture gallery, venue of the Vermeer exhibition and home to a permanent collection which includes many Rembrandt masterpieces.

From The Hague, a tram takes an hour to reach Delft, Vermeer's birthplace, a town dominated, as in the painter's View of Delft, by its old and new churches, dating from the 13th and 14th centuries. Peaceful canals encircle the centre and its wealth of historic buildings.

The novelty of cheap and frequent public transport

(with the bonus of a rational ticketing system) is compulsive so that even after a normal - even excessive - day's sightseeing in Amsterdam, it was difficult to resist another excursion outside the city - starting at 9pm.

The bus to Edam ploughs through the rush hour traffic in its designated lane. The countryside is dominated by sky, so flat and bare is the terrain. Only distant church spires and brown, fluffy Texel sheep, indigenous to the Netherlands, indicate life. Edam is small and quaint with 17th century houses and a 15th century church where early

windows colour the light inside. Shop windows are abundant with the round cheeses for which it is world famous. By 9pm we were back in Amsterdam.

The Netherlands' largest city is notorious for car theft, especially vulnerable are foreign cars. Drivers stick "there is no radio in this car" notices on their windcreens. But even they are not immune. One sticker complained that the vehicle had been broken into 10 times. "And there is still no radio and no luggage."

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SPORT

On the face of it, success in sport, with its emphasis on purpose, determination, singularity, and sheer bloody-mindedness in the pursuit of achievement, would seem to be an ideal training ground for the political arena. And indeed many sportsmen and women have graduated to various elected offices around the world.

Yet, while the occasional renowned artist has achieved the ultimate honour, as president or prime minister - Leopold Senghor and Vaclav Havel, probably being the most prominent (pace Ronald Reagan) - the electorate around the world has thus far balked at giving the highest office to a former "jock".

There is no shortage of candidates, as the role of Jack Kemp as Bob Dole's Republican running mate has highlighted. When Kemp was introduced to a wider public, much was made of his former glory as an all-American quarterback. But he stumbled on the way to the end-zone after a mediocre performance in the vice-presidential debate - he is also tainted by his very membership of what appears to be the losing team.

Sports personalities lined up with varying results in Japan's general election last month. A sumo wrestler, Kyukodozan, won for the



Competitive candidates: Imran Khan, all-rounder; Vaclav Havel, an example from the world of the arts; Jack Kemp, quarterback; Sebastian Coe, repeat winner; and Gerald Ford, footballer

From playing field to politics

Is sport the ideal training ground for the bruising arena of higher office? Pat Butcher reports

Shinshinto (literally, the New New party), while a baseball pitcher also made it to the benches. A former tennis professional, Naoko Sato, and Mr Guts Ishimatsu, a boxer-turned-actor, were unsuccessful, as was Sachio Nomura, famed wife of another baseball team manager, and perceived power behind the throne.

But Japan has taken the sports concept to the political ultimate. Antonio "Fight-

ing Spirit" Inoki, a former professional wrestler remembered for a comical ring confrontation with Muhammad Ali, formed the Sports Peace party in 1989 and remains influential during the country's present phase of unstable coalition governments.

In the US, Bill Bradley, a talented basketballer turned democratic senator for New Jersey, had been the best known former sportsman in the political limelight. So

well respected was Bradley, that when last year he announced what was seen as a tactical retirement, it was greeted with widespread speculation that he was planning an independent campaign for the White House.

That move seems to be on hold at the moment, but do not be surprised if it is resurrected in four years, or that he is seriously considered as Al Gore's running mate for

the millennium elections. Hollywood and a bustling media in the US have con- flated to create a most refined cult of personality. But using sporting celebrity as the springboard to success in politics is spreading around the world.

In Pakistan, Imran Khan, the cricket all-rounder, has launched the "Movement for Justice Party" to popular acclaim. And in Britain, ex-international runners have

cornered the market as political players. Christopher Chataway retired early after holding two Conservative ministerial posts 20 odd years ago, while Menzies Campbell locked himself and his ambitions into the minority Liberal Democrat party.

Chataway, world record holder and 1980s Olympian, says that sporting celebrity is a double-edged sword, while disarmingly admitting

that he may have lacked the ambition to make it right to the top of the House. "I was very conscious of people saying 'he's an athlete, what does he know?' It's not a fatal handicap being a sportsman, but you do have to work that much harder to overcome it. Maybe you're never quite as hungry again. Because politics requires a lot of sacrifices. You've got to want it an awful lot."

Campbell, an Olympic sprinter in the 1960s and a successful advocate (the Scottish term for barrister) is his party's spokesman on foreign affairs and defence.

"Oh, and Sport," said a party press officer last week. "My three activities - sport, the bar, and politics - all require a healthy competitive instinct," Campbell says.

"You win and you lose races and cases, so I felt I had a good background for parliament. But, although celebrity is a valuable asset, it's only a foot in the door. You have to work very hard."

No one who saw Sebastian

Coe come back from illogical defeat in the Moscow Olympic 800 metres, to win the 1500 metres, and then become the first repeat winner, would doubt his competitive instinct.

Recently promoted to Conservative junior whip, he also sees clear parallels. "There is an analogy, it's remaining steady under fire. You tend to find out a lot about yourself in the half hour before an Olympic final."

Whether that will be enough to take him to the top in this pursuit remains to be seen. He says that when he entered parliament four years ago he did not consider the sports ministry as the pinnacle of his ambition.

The fickleness of popularity as a political representative can be easier to deal with after soaking up the praise and abuse of professional sports. When Jack Kemp was elected to the House of Representatives in 1970, he said, "pro football gave me a good sense of perspective" on politics. "I had already been booed, cheered, cut [dropped from the team], sold, traded, and bung in effort."

But the head-high tackles can be at least as bruising on the political playing fields. Lyndon Johnson once took cruel aim at another ex-American footballer, Gerald Ford, the transitional Republican president after Richard Nixon: "The trouble with Ford is that he played one too many games without a helmet."

Nonetheless, Coe claims to have coped with the transition and the loss of some popular support.

"Apart from small pockets in Gateshead and Brighton [home to rival athletes, Steve Cram and Steve Ovett], when I was running, I felt everybody in Britain wanted me to succeed. I have to accept nowadays that, at any given time, over 50 per cent of people want me to fail."

Winter Olympics / John Samuel

The market for games

Cynics say a modern Olympics is all about power, money and drugs, set to a television jingle. How, then, can the Mormon centre of Salt Lake City, Utah, the next US city to host a Games, improve the image when it stages the 2002 Winter Olympics?

A city of a million people, it was founded on the Mormon belief that the people of the world form one vast tribe and the last great coming-together will be in the US Midwest.

But the city's plans for a Winter Olympics are based on its ethics of hard work, the desire for excellence, and of family unity, says Mike Korologos, organising committee media director. "I'm a Creek boy, not a Mormon," he said, "and 52 per cent of Salt Lake people are not Mormons. We were picked for our preparedness."

He says every venue except one is between 10 and 30 minutes of the university-based Olympic village. The exception is Snow Basin, 55 miles away and one of the few approachable mountains in the Wasatch range with a slope capable of forming a downhill track.

Salt Lake, Korologos says, would have been ready for 1996 Games, but they are to be held in Nagano, Japan.

Salt Lake sent 13 organisers and officials to study last July's Atlanta Games, which reinforced corporates America's grip on the Olympic movement. Juan Antonio Samaranch, president of the International Olympic Committee, said bluntly on the last day: "Sport must be directed by sport itself, not by commercialisation, as was the case here."

The self-financing 1984 Los Angeles Summer Games was the watershed. It was founded on "Made in America" commercialism and watched on television by 3.5bn people. It made a \$225m surplus, and, the Soviet boycott notwithstanding, set a pattern most bidding cities seek to emulate.

The IOC may be calling for government guarantees, but that is not American style, and Salt Lake will be market-driven, the same as Los Angeles, Calgary and Atlanta. It is supported by a state referendum which in 1989 agreed to a levy of one sixth-fourth of one per cent from sales tax.

That is expected to provide \$82m on a rolling programme of advance spend-

ing. This includes the new Winter Park bobsleigh, luge and ski jump park, the roofing of the speed skating oval, and a new hockey and figure skating ice rink at Ogden.

A Winter Games budget is about \$800m, and Salt Lake will finance 2002 largely on the back of a record \$550m TV contract with NBC. Salt Lake Olympic Committee's share is \$327m, and sponsors will contribute \$350m. Ticket sales and the like are expected to cover the rest.

Past Winter Games have left behind them a crumbling legacy. The facilities built for the 1968 Grenoble Games have gone to ruin; the bobsleigh run and cable cars were demolished after Sapporo in 1972; Lake Placid in upstate New York had to be bailed out by taxpayers.

Alberville, France, in 1992 was a regional government initiative and its organisers believe the gains in publicity and transport infrastructure were worth the problems of dealing with the under-used left-over facilities.

Lillehammer in 1994 was a great success on snow and ice, and environmentally set a standard, but was a financial disaster. The proposed 1993 budget of \$133m ballooned away to \$983m and a deficit of \$661.4, all of which had to be recovered from the taxpayer. Inflation, lack of venues and infrastructure, organisational inexperience, and governmental over-building all played a part, as of course did environmentalism. The \$29-million Hamar Hall, for example, was moved 70 metres away from a bird sanctuary and its entrance turned around, all at huge cost.

Summer Games, many times larger, must be compared with caution. Utah Business Magazine reported on the Salt Lake delegation's visit to Atlanta. "They came back bullish that they had identified most potential pitfalls inwardly, however, one wonders if they aren't half-seriously questioning what they got themselves into."

The delegation identified transportation and communications problems, which they think can be overcome. And whereas Atlanta had 240,000 accreditation for everyone connected with the Games, Salt Lake will have 40,000. Atlanta had 16,000 athletes, Salt Lake expects 2,400.

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SPORT

Cricket

West Indies on the warpath

Defeat by Australia last year hurt badly. Now is the chance for revenge, writes Canute James

It was a positive West Indies team which arrived in Australia this week for five Tests and a series of one-day internationals that will include Pakistan. Being classed as underdogs is a feeling new to West Indies players and administrators. But there is unbridled confidence about the team's chances of re-establishing itself as the best in world cricket.

Supporters refer to this as the "revenge tour" - last year, the Australians ended the West Indies' 20-year unbeaten run in Test series. But the team's indifferent showing in the World Cup earlier this year does not augur well - including, as it did, a defeat by Kenya's deserving amateurs.

In recent times, Australian Test performances have been dominated by the guile of leg-spinner Shane Warne and the tenacity of the all-rounder Waugh twins. This time, though, the outcome of the series may be determined more by the West Indians' disposition off the field.

For one thing, there are signs of an end to the open feuding among players, and between players and officials, that troubled the team for two years under the leadership of Richie Richardson and tour managers Wes Hall and Andy Roberts. Clearly, not all the wounds can have healed in so short a time. But a long and hard series against what is, arguably, the world's best Test nation at present (despite India's recent victory and Wisden's ratings), is perhaps the best way to find out how far

the healing process has gone. Much has changed in West Indies cricket in recent months. New captain Courtney Walsh, cricket's ultimate gentleman, cut his teeth against the relatively soft opposition offered by New Zealand earlier this year and was not found wanting. Brian Lara, the vice-captain, appears to have abandoned his former truculence and has become a more responsive and responsible influence in the team.

Clive Lloyd, a former captain who has enormous respect from both players and supporters, is manager. Lloyd, who spent much of his career with Lancashire, is noted for his success in creating teams out of diverse, and often difficult, personalities. Equally significant is the appointment as coach of Malcolm Marshall, the West Indies' most successful fast bowler in Tests. He, too, is a much respected figure.

Perhaps most important has been the change at the very top of the administration, with Patrick Rousseau becoming president of the West Indies board of control. Much of the blame for the team's recent problems was attributed to the board. Critics say it appeared inflexible and



Up with the pace: Courtney Walsh (left) and Curtly Ambrose (right) will lead the West Indies' attack

moved too slowly in meeting the concerns of the players.

There are signs already that more attention is being paid to them. The decision to offer the top players competitive contracts to keep them at home for a longer domestic season, and to engage them as coaches, is one indication of a more enlightened approach.

No one doubts the individual quality of West Indian players. Among the batsmen, Lara will find support from Carl Hooper (although, sadly, he continues to display his brilliance too seldom); Jimmy Adams, who has overcome some technical deficiencies; and an increasingly aggressive Shivnarine Chanderpaul.

The openers, however, have not been convincing. Sherwin Campbell's confidence, after a double century against New Zealand, was blunted by a poor English county season with Durham, while neither Robert Samuels, who scored a century against New Zealand, nor Adrian Griffith, who is new, impressed in the recent regional one-day competition.

The Australians will have noted that most of the wickets in that competition fell to spinners.

But the West Indies Test attack will, as usual, rely on fast bowling, headed by Curtly Ambrose and Walsh with support from Kenneth Benjamin and the injury-prone Ian Bishop. They will be helped by recent additions Patterson Thompson and Nixon McLean. Indeed, Thompson, who has played in one Test, could end the tour being recognised as the fastest (and perhaps the wildest) in the game.

Again, playing to form, there are no specialist spinners. After the seasons variety will be provided by part-timers Hooper, Adams and Chanderpaul. But none of the Caribbean spinners has shown he can make the quantum leap from often brilliant performances in domestic competition.

Although playing away, the team is under pressure at home. West Indian supporters are unlikely to take lightly a second consecutive defeat by Australia.

Then, too, the team - the one fully functioning example of Caribbean regional co-operation - has been threatened in recent months by accusations of discrimination in selection. The charges have come not only from spectators but from representatives of national boards as well.

This co-operation is a fragile arrangement which works when the team is winning but could be exposed painfully if Walsh is not holding the Frank Worrell Trophy - visible symbol of supremacy between the two sides - on the afternoon of February 5, the last day of the final Test in Perth.

Yachting

No losers as the boats reach Brazil

Keith Wheatley on the progress of the global challenge

After the storms of Biscay and the steamy lulls of the Doldrums, few of the yachts that finished the first leg of the BT Global Challenge earlier this week were prepared for the surprises Brazil had in store. "None of us envisaged spending the last few days of the race to Rio beating to windward wearing full foul-weather gear and even digging out the sleeping bags to counteract the cool temperature below decks overnight," said Simon Walker, skipper of second-placed Toshiba Wave Warrior.

In reality, this team has had little but success to deal with. Like Group 4, Toshiba took the most direct track to Rio, following the Great Circle route and at one stage succeeded in making up 37 miles on the leader over a 24 hour period, as they raced neck and neck down the west coast of Africa.

To finish just two hours and 11 minutes behind the clear favourite was a considerable achievement for Walker. He is 10 years younger and far less experienced than Mike Golding, the Group 4 skipper who left Southampton as clear favourite to win the 32,000-mile race overall.

In the four years since he captained the same yacht in the first of these round-the-world contests for non-professional crews, Golding, a one-time fire officer from Reading, near London, has undertaken both another circumnavigation and countless grand prix races.

It has paid dividends in the past four weeks as Group Four has led all the way. Golding's crucial call was to cross the equator as far west as possible, successfully aiming to cut down the time in the windless Doldrums to just a few hours.

In 1992 the reverse strategy paid off and the boats nearest to the African coast broke through the calms earliest and were first into Rio. Richard Tudor, skipper of Nuclear Electric and a veteran of the earlier race, clearly remembered that scenario this week. He took his boat to within 225 miles of the Senegal coast, while the bulk of the fleet were out in mid-ocean.

However, it was one of those occasions when experience proves a poor guide, since Nuclear Electric finished a disappointing 10th, nearly two days adrift of Golding's crew.

Nearly 200 crew-volunteers have paid \$18,750 each to race these 14 steel 67ft yachts around the world, leaving behind families and careers ranging from mounted policeman to actor. Each person is now discovering for themselves the peculiar mixture of adrenalin and monotony that characterises

ocean-racing. "The daily routine consists of eating, sleeping and working - nothing exceptional about that," explained one crew member aboard Global Teamwork. "It is, however, worked into a shift pattern meticulously designed to optimise sleep and crew effectiveness."

"This often fails on the sleep-front due to the call for 'all hands' when sail changes or gybes are necessary."

Global Teamwork arrived at Rio in 11th place, almost three days behind the leaders. It is rare in round-the-world races for these kinds of first leg deficits to be overcome. The challenge will be to keep the crew pushing and enjoying the competition.

The same will be true for Courtaulds, a boat that was highly fancied to do well under Boris Webber, its experienced South African skipper, but which came in

Morale was high on Time & Tide, exemplified in the morbid humour

13th. Here I must declare an interest. One of the berths aboard Courtaulds for the third leg of the race between Wellington and Sydney has my name on it. As Webber and his team grappled with a blown-apart spinnaker and then a fractured pole, limping along behind the fleet, my spirits sank along with theirs.

I should not have worried. One of the mottoes of the Global Challenge is that "there are no losers". Even the numbing task of hand-sewing 160ft of spinnaker luff only to have it blow out again the following day was within their compass.

The contest still has five more legs, each of them a fiercely contested race within-a-race. Probably no crew embodies the gritty humour that underlies the Challenge more than Time & Tide, the boat on which each crew member, from skipper James Hatfield down, has a serious disability.

Morale was always high on board Time & Tide, exemplified in the morbid humour prevailing on the boat.

This deadpan report was received from Hatfield on October 2. "Late this afternoon, crew Nigel Smith broke his right leg just above the knee joint, exposing the joint. Lesley Bowden, the medic, cleaned the wound and gave it a squirt of WD40."

"FS: Nigel is one of our amateurs."

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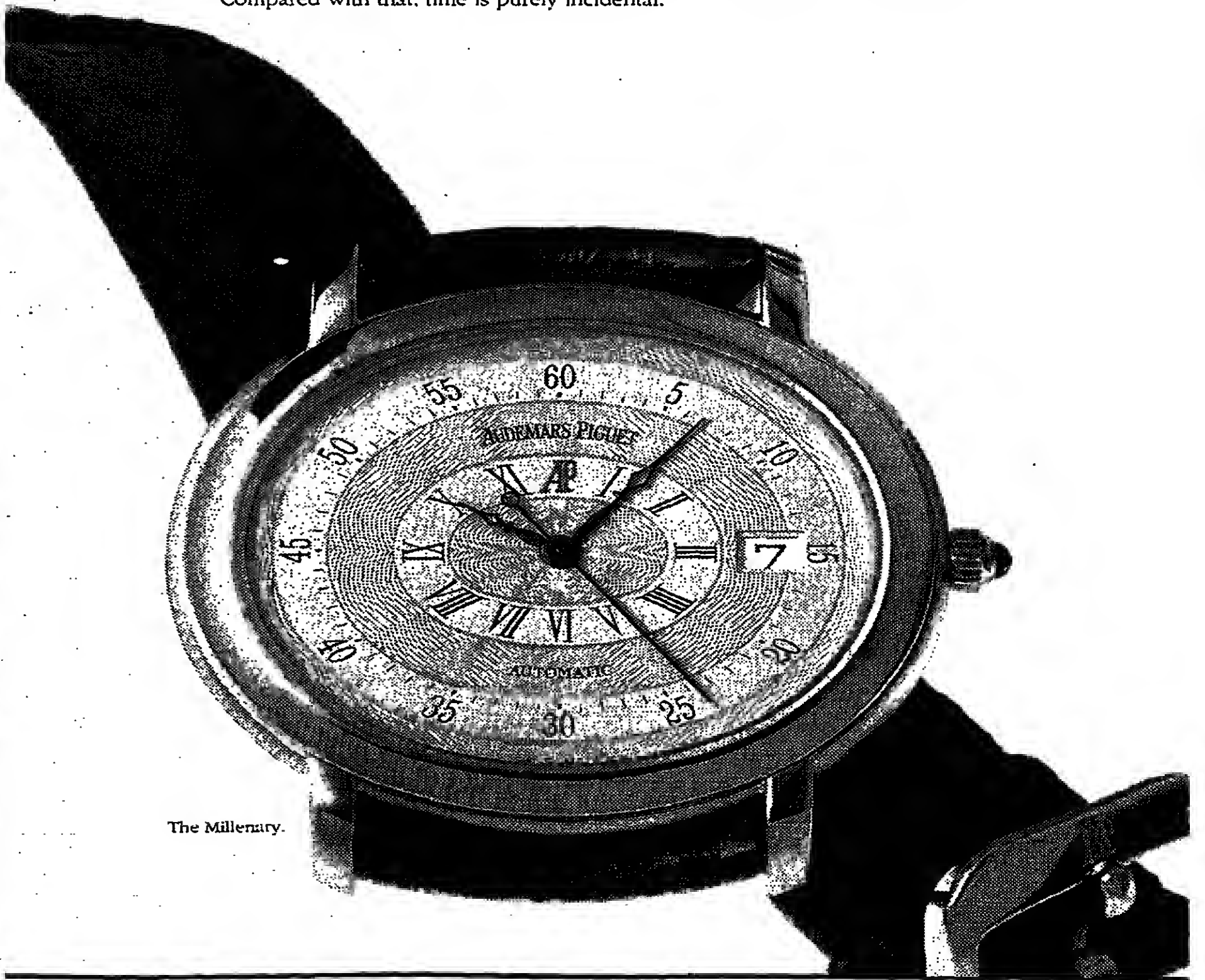
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FOOD AND DRINK

Cookery

Where the food is robust and generous

Philippa Davenport travels to Louisiana and spots a few differences between Cajun and Creole

What is the difference between Cajun and Creole? Before I went to Louisiana, I thought I knew. I came back more muddled, but having had a jolly good time and gained several pounds in the process of trying to sort out the culinary differences.

The Cajuns, aka Acadians, are the descendants of Catholic French folk who settled happily in Acadia, Nova Scotia, from 1604 until expelled by the British in 1755. They followed the Mississippi to Louisiana and started their rustic lifestyle afresh in the bayou swamplands of Lafayette.

The Creoles claim descent from aristocratic French and Spanish society centred on New Orleans and boast a more refined cooking style. I found the culinary distinctions blurred. Cajuns and Creoles appear moreso to employ the same ingredients, they favour many almost identical dishes and display African and Mexican influences.

All Louisiana cooking struck me as more robust than subtle, elegant or delicate. The people are as big as they are big-hearted and helpings are generous. This is rice, bean and chilli country, home of Tabasco and satisfying one-pot dishes. Game is plentiful and there is apparently no shortage of sea and river foods to be caught in the warm waters of the Gulf of Mexico and the bayou.

Jambalaya (distantly related to paella, I suspect) is immensely popular, as is gumbo, a soup-cum-stew. The only clear-cut distinction between Creole and Cajun versions of gumbo seems to be that the former is roux-based, the latter is

not. I rated the Cajun version more refined. The best gumbo I tasted was also the simplest, crowned up by a cook called Redell Miller, the last generation of her family to speak Cajun as her first language. I watched her cook it (in mop cap and long gown on a butane gas stove) at Vermilionville, an Acadian heritage village just outside Lafayette.

Miller's gumbo was based on okra and rice, enriched with unmeasured additions of chopped green peppers, onions, celery, chicken thighs and prawns ("what-over is to hand"). The liquid she used was plain water, the seasoning no more than salt and cayenne. I saw Miller again in the evening, in contemporary dress, dancing nimbly at Randal's Restaurant and Cajun Dance Hall in Lafayette (tel: 338 981 7060), where conversation is all but drowned by the insistent, irresistible toe-tapping beat of the music. Cajun dancing is a convivial way to work off a few calories, but I remained at table, sucking and savouring inebriant quantities of soft-shelled crabs.

To call these succulent creatures shellfish seems a misnomer: they are culled just after they have shed one carapace in favour of growing a

larger one. They were very lightly coated with crumbe or batter and cooked without crowding in good quality oil. Shellfish featured again at a "crah hoi!" served in a faux-rustic trappers' cabin after a boat trip.

Most of the deck space on board was taken up by ice chests containing a brewer's load of canned beers. The crah hoi - over-boiled, actually - was similarly gargantuan, tipped straight on to oil-clothed trestle tables from a cauldron big enough to launder the weekly wash of a fervent Catholic family.

Out tumbled pyramids of crabs and prawns, chunks of sweetcorn and whole (wonderful) potatoes in their skins. Idaho reds I guessed. There were bottles of mayonnaise and Tabasco, though extra seasoning struck me as unnecessary given the palate-blasting potency exuded by the giant bag of spices that had been dropped into the pot as it boiled.

New Orleans is a city of contrasts where voodoo and Catholic co-exist and jazz reigns supreme. It is more invigorating than Cajun country and offers an exciting mix of architecture, old and new. Groups of stylish high rise designer blocks lie in happy harmony with elegant and spacious squares, the lacy balconied old French quarter and the leafy acres of the garden district.

There are steamy jazz clubs, hundreds of eateries, more dentists per square mile than I have noticed elsewhere (a reflection of local partiality for fudge-like pecan pralines, no doubt), sleek shopping malls, bustling outdoor markets and numerous cemeteries notable for solidly built monuments and mausoleums. (Because the city is below

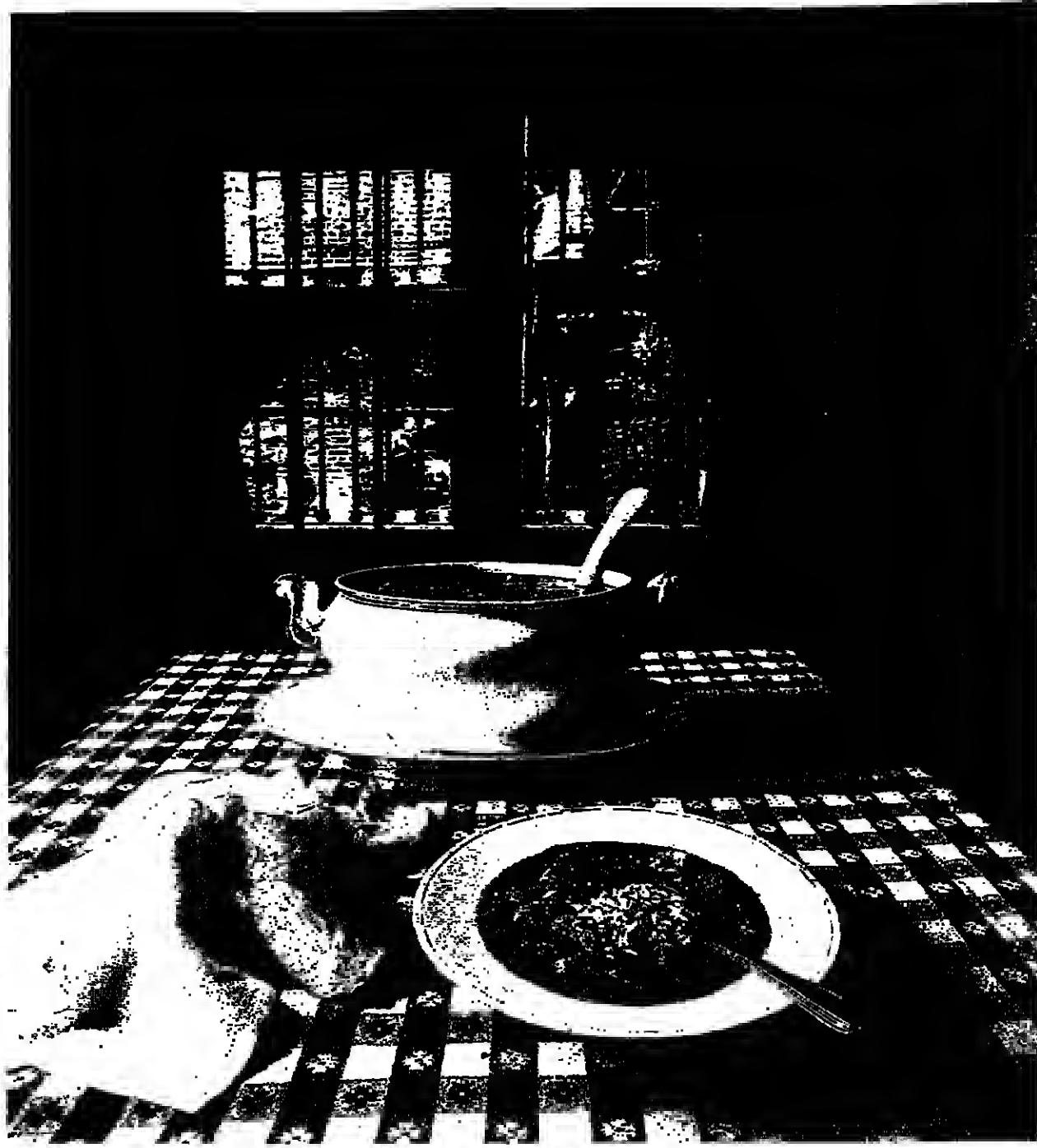
sea level and has such a high water table, bodies cannot be buried underground). **Places to eat:** ■ Antoine's (tel: 504 581 4422), founded in 1840, is probably the best known restaurant, famed for its soufflé potato chips (very good but not enough of them was my greedy verdict) and the dimming of lights when crêpes suzette and/or café brûlot are served. I rated the place hotter on atmospherics than cooking but perhaps I had heard too much about it. ■ The Commander's Palace (tel: 504 899 8221) seemed more lively with good but

curiously old fashioned food, for example, a very heavy turtle soup and what was listed as "bread pudding soufflé", which was not unlike our own English queen of puddings but more bread and laced with bourbon whisky instead of jam.

Here and elsewhere you may be offered frog's legs, snails, and andouille and boudin - but not as you will find them in France. Hush puppies are corn fritters, traditionally cooked on a camp fire and thrown by a hunter to his dog. An oyster po-boy, once a modest lunch perhaps, has become an extrav-

agant fried oyster-filled baguette needing two hands and an appetite even heartier than mine to do it justice. Muffuletta is another sandwich (Italian style) that defeated me. ■ Café du Monde (tel: 504 587 0833) on Decatur Street, hard by Jackson Square, is the ideal place to sit and watch the world go by, sip coffee and eat beignets (a sort of doughnut minus the hole, nestling under a snow-dust of icing sugar). ■ Mother's (tel: 504 523 8656), on the fringe of the business area is a characterful no-nonsense establish-

ment, the place to breakfast on hominy grits, eggs sunny side up and mounds more food, providing you are not too hung over to cope with the noise, decor and self-service. ■ The Windsor Court Hotel (tel: 504 523 6000), part of the Orient-Express group, neatly poised between the business area, best shops and French quarter, offers the ultimate in luxury and service. There are more suites than rooms, each with its own doorman and hallway. As well as sweets on the pillow at night there is a local weather forecast for the next day. And on



View is difference: Creole gumbo is roux-based while the Cajun version is less hefty

Anthony Blake Photo Library

the desk you may find Windsor Court writing paper with your own name printed on it as being in residence.

The first floor bar at Windsor Court, complete with backgammon table, makes a lively meeting place. Drinks, whether whisky, Screwdriver or Bloody Mary, all seem to be served in pint size glasses half filled with crushed ice. Mean thimble-like tots are unthinkable here. If you have not finished your drink by the time you are ready to move on, the remaining contents of the glass will be tipped into a king size polystyrene cup, known as a "to go cup", the liquid equivalent of a doggy bag, so you can carry it out with you to drink as you walk or take a taxi en route for dinner.

JALAPENO PRAWNS (serves four as an appetiser or two as a simple lunch or supper dish with cheese and fruit to follow)

This is not a recipe gleaned while I was in Louisiana, but a speedy and greedy dish I have cooked up several times since my return using the recently introduced milder flavoured green chilli sauce by Tabasco. 250g king prawn or tiger prawn tails in the shell; 3-3½ tablespoons olive oil; 1½ teaspoons Tabasco Jalapeno sauce; 1 fat garlic clove; a good knob of fresh ginger root; 2 tablespoons of freshly squeezed lime plus wedges for serving; a bunch of coriander.

Cut both the garlic clove and knob of ginger in half. Put one half of each into a saute pan, add the oil and warm slowly until the oil is aromatised and sizzling. Discard the browned and fried flavourings.

Put the prawns into the hot oil and fry over moderate heat for 2-3 minutes only. Add the rest of the ginger and garlic (finely chopped) after the first minute or so, and turn the prawns over.

When the shells are pink all over and the flesh is just cooked through, remove the prawns with a slotted spoon to a hot plate. Quickly add the lime and jalapeno sauce to the pan, stir over a low flame until the ingredients are hot and well blended, then whisk the pan away from the heat. Return the prawns to the pan, shower them with chopped green coriander, season with salt and toss to mix. Serve with wedges of lime and hot crusty bread to mop up the juices. Fingerbolls and napkins will be needed.

Philosophy of prices

Nicholas Lander unravels the mysteries of menu costing

Any insider's top five best value London restaurants includes L'Oranger, St James's Street, SW1. Although only opened in March, it is already necessary to book well in advance as L'Oranger is now serving as many customers in a day as its predecessor, Overton's, was serving in a week. Part of this success is due to chef Marcus Waring, whose dishes include a punchy ham neck terrine; a glistening breast of guinea fowl on choucroute; a thick wedge of roasted cod with a mushroom duxelle and five spice and a refreshingly cool pyramid of lime sorbet, all precisely served by a very French brigade under Dominique Corolleur.

This quality has ensured return customers. But what initially brought them through L'Oranger's doors was keen menu prices: £19.50 for three courses at lunch, £25 at dinner, prices which have not risen despite its popularity. Menu pricing is not a precise science. Common practice until the recession of the early 1990s was to cost raw

ingredients and multiply by three, the resulting figure producing a food gross profit of 60 per cent that also accounted for VAT.

The recession changed this. As customers drifted away, restaurateurs recognised the importance of price, while chefs learnt the necessity to cost precisely. Today the set price menu is every restaurant's most effective selling tool.

L'Oranger shares its keen pricing philosophy with sibling restaurants Aubergine, SW7, and Zafferano SW1, part of the A-Z restaurant group which also includes Ken Lo's Memories of China, SW1. Group turnover in four years has reached £7.5m. Claudio Pulze, its managing director, also shares ownership of The Canteen, SW10, with actor Michael Caine whose annual turnover is another £2.5m thanks to creative cooking and similarly inspired pricing: all first courses are £6.95, main courses £11.95, desserts £4.95. "What you must appreciate," said Pulze, "is that it takes 12-14 months before any restaurant is fully established, before it has grown

up. These months are a steep learning curve and I do not believe the public should pay for this. My philosophy is that we must first give and then, when the food is right, the service smoother, we can ask for a little more."

Pulze speaks with authority, having opened about 25 restaurants since training as chef in Padua, northern Italy in the late 1960s. They have been a mixed bag from trendy Montpelliano,

and, longer term, a bakery to supply his restaurants. "Setting keen prices also instils discipline in the staff," Pulze continued, "and they respond. The kitchen learns to waste less and the front of house to work even harder to ensure every table is filled and satisfied. It makes us more efficient."

These principles established, the restaurants are free to go their own way. One of the attractions of L'Oranger is the simple table setting - side plate and crisp napkin, vase and fine glassware - as Corolleur believes the appropriate way to lay the correct cutlery is to do so after the order has been taken. Aubergine's service is much more formal, and although a fan of Ramsay's cooking, I find it too intrusive. Zafferano, by contrast, is incoherently Italian.

Not do the restaurants' names have anything in common. Aubergine was chosen because it is one of Ramsay's favourite vegetables. Courgette, Pulze joked, could have worked equally well but probably not cauliflower. Zafferano is Italian for saffron and was chosen because it was then every chef's favourite ingredient. L'Oranger originated in a drive through the south of France but provided a costly mistake - Pulze spent over £1,000 on small orange trees for the tables but they only survived a month.

What all Pulze's restaurants share is his determination to satisfy a particular section of the market. "Today," Pulze explained, "restaurants are extremely popular and chefs are stars but I am not sure how many will survive the next economic downturn. But there will always be a section of restaurant goers, maybe no more than 10 per cent, who value good food, good service and value for money. These are the customers I want to look after."

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Such treatment has ensured the company's organic growth. Gordon Ramsay, his most high profile chef, has a 25 per cent share in Aubergine, where Waring and Corolleur learnt their trades. When they were ready, they opened L'Oranger under Ramsay's watchful eye. Chef Giorgio Locatelli has the same shareholding in Zafferano and now will supervise a new Italian brasserie in Soho. Immediate plans include an Indian restaurant

and, longer term, a bakery to supply his restaurants. "Setting keen prices also instils discipline in the staff," Pulze continued, "and they respond. The kitchen learns to waste less and the front of house to work even harder to ensure every table is filled and satisfied. It makes us more efficient."

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Hugo Arnold's 30-minute dinner party menus - No 6

Starter
PRAWN, GREEN BEAN AND SAFFRON MAYONNAISE
24 cooked prawns, about 500g (if you can, get the ones with a little of the shell still attached); 350g French beans; 20 strands of saffron (alternatively, 0.5g packet of saffron powder); 2 egg yolks; 250ml light olive oil, plus a little extra; 200ml flavourless vegetable oil; salt and pepper; 2 lemons

Method: Lightly toast the saffron strands in a dry pan. Transfer to a bowl and add the juice of half the lemon (if you are using powder add it straight to the lemon juice). Leave to infuse. Break the egg yolks with a wooden spoon in a bowl and stir in, drop by drop, the oils. You can start to add the oil in a slow but steady stream once the emulsion has been formed. As the mayonnaise gets stiff you can loosen it with saffron-infused lemon juice to taste. Add the rest of the oil, and more lemon juice if you think it needs it, and season with salt and pepper. Blanch the beans in boiling salted water until cooked, drain, refresh under cold water and pat dry. Toss in a little olive oil and arrange on four plates. Scatter the prawns on top of the beans and distribute a generous dollop of mayonnaise on the side of each plate. Serve with a lemon quarter and a generous twist of the pepper mill.

Main Course
SEARED DUCK BREASTS, CHICK PEA SALAD AND CARROT PESTO
2 tablespoons pine nuts; 2 generous handfuls of roughly chopped parsley; 25g Parmesan, grated; 3 garlic cloves, peeled and finely chopped; olive oil; 3 medium-sized carrots, peeled and roughly grated; salt and pepper; the breasts from 2 mallard (the carcasses can be used for stock); 1 tablespoon finely chopped shallots; 1 chili, de-seeded and finely chopped (check for strength, if it tastes very hot, use

less); 2x420g tins of chickpeas, drained and rinsed; 1 glass white wine
Method: Put the pine nuts, half the parsley and the Parmesan and two cloves of garlic in a food processor and blend. Drizzle in enough olive oil to form an emulsion and turn off. Transfer to a bowl, stir in the carrots and season with salt and pepper. Set aside.
Season the duck breasts and place in a lightly oiled frying pan over a moderate heat. The fat should start to run and skin will crisp up in about five minutes. Turn the breasts and legs over and continue cooking for a further three minutes, or until done. Remove and keep warm. Add the shallots, remaining parsley and remaining clove of garlic to the pan and sauté for five minutes. Add the chili and chickpeas, coat in the fat and pour over the white wine. Lower the heat and simmer for five minutes. Arrange the chickpeas on four plates; slice the duck breasts diagonally and place on top of the chickpeas with a leg per plate. Put a generous spoonful of carrot pesto on the side.

Dessert
GRILLED PANETTONE, MAPLE SYRUP, WALNUTS AND CREME FRAICHE
4 slices of panettone; 200ml tub of creme fraiche; 4 tablespoons maple syrup; 4 tablespoons freshly cracked walnuts
Method: Toast the panettone until golden brown on both sides. Distribute on four plates, spoon over creme fraiche, sprinkle walnuts, drizzle over maple syrup and serve.

Wine
Janice Robinson recommends: Lasingham Domaine Shiraz, 1994, £5.99 from bigger Tesco. Super-smooth, rich yet gentle, well-balanced Australian red.

Fast Food / Hugo Arnold

Leave the mayo on the side



yellow and has that distinctive honeyed, spicy, slightly bitter flavour. Ever since the day I watched saffron being picked on the freezing plains of La Mancha in Spain, I have counted out the strands I use. Not so much out of meanness, at over £2,000 a kilo it is probably one of the most expensive foods in the world, more out of respect to the pickers, bent double in the early morning light. I have never been so cold and my pathetic attempts to help - one flower for every eight they would pluck - merely hindered progress. Duck in this instance means mallard, its sweet gaminess perfect for this somewhat sombre time of year. Dark evenings may mean winter, but the plus side for me is game for the next few months: delicate

partridge, robust pheasant, sublime woodcock and elegant grouse - a feast. For speed, I have used tinned chickpeas, but always wish we had shops where we could buy them cooked freshly that day, as in so many Spanish markets. Panettone offers near-instant dessert and on weekdays it is often enough

to have a slice with a cup of coffee. If you have a ridged grill pan it is perfect and lends those curiously attractive lines, but an ordinary grill will do equally well. If you can spare the time, crack open your own walnuts, this season's will be far tastier than last year's from a packet. All recipes feed four.

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Magic eastern

Winter's

OUTDOORS

Gardening / Robin Lane Fox

A mainstay for an eccentric autumn

Seasons are no longer normal and this year's English autumn is as odd as the last five. The leaves have fallen from the limes and chestnuts but the sycamores and oaks have hardly been touched. The grass is still growing and the weeds have celebrated with their customary mischief. Everything is two weeks late in the cycle after a spring which held it back for a fortnight in natural refrigeration.

Early November has been feeling most peculiar but I have been counting my asters and reckoning that they are a serious advantage. Two years ago, I visited the National Collection of Michaelmas Daisies, beautifully kept by the Piton family at Colwall nurseries, near Malvern, in Worcestershire. The new favourites which that visit suggested have become mainstays which deserve a second tribute. Sometimes, you see a wonderful idea and succeed in killing it within 12 months. All my ideas from Colwall are alive and more than kicking. If you mistrust Michaelmas daisies, you need to look more closely.

Traditionally, their enemy was

mildew and a heavy mass of dark leaf, which blocked up the border for two months before flowering. Most of the mildewed varieties were the hybrid novi-belgii varieties, which had brilliant colours and names which ranged from Percy Thrower to Winston Churchill. They looked as if they had been showered with grey powder from August onwards and, within two years, went into a decline.

Sensitive gardeners would never even mention them in memoirs of their gardening progress 20 years ago. They were felt to be plants which the Edwardians had wisely reserved for special Michaelmas borders but which were nowadays reserved for the sort of bungalow which surrounded itself with white and purple dahlias.

The mildew was a nuisance but the tall hybrids had spectacular

charm and I always tried to cope with them. I now realise that I should have looked sideways and tried the small-flowered varieties which sounded so much less exciting on paper. The advantage of visiting a National Collection is that all shapes and sizes are given a space, from which I picked out various small-flowered pinks and blues.

Several of the best small-flowered forms prefer a light soil and most of them prefer to be planted in spring or split and divided when the soil has dried out. My stony conditions suit them perfectly and I now regard them as one of my compensations for total unavailability to most of the most fashionable old roses. I cannot grow *Reine Victoria* but I now find that I can grow a mean *Little Carlou*. This particular aster has been taken up by the National Trust and, nonetheless,



strikes me as the most desirable of the small-flowered forms.

It belongs in the cordifolius group, which means that its leaves are not overpowering. It is just under 3ft high and covered in violet-blue little flowers of metallic clarity. A few plants go a long way and I recommend it to anyone. Give it a dry soil and split it up in April, not in November.

Small flowers do not mean a loss of height and impact. My other star turn is a tall, pale blue Chieftain, which holds a very handsome place towards the back of the border, up to 5ft high. It is even taller than the light sprays of flower on *Aster turbinellus*, or the little white stars of flower which have just begun to open on the admirable *Aster tradescantii*.

Again, these varieties prefer the opposite conditions to the modern mildewed hybrids. They like a light, well-drained soil and they will tolerate dry weather, although it turns their lower leaves to brown.

My other discovery is that the season is far longer than we usually realise. With me, it now begins with the pale hinc *Moonlight* in mid-August and will be joined by the admirably easy *Aster sedifolius*. Without mildew, the focus then moves to the

novae-angliae varieties, especially the mid-blue flowers on *Barr's Blue*, the pale pink of *Harrington's Pink* and the warmer pink of a German variety sold here as *Pink Victor*.

It is usually mid-October before we see the best from King George and its wonderful flush of violet-blue, although some of the catalogues claim that it begins to flower in August. October is certainly the season for the low-growing *Aster heteriflorus* Prince, which has very small flowers of pink-white and stems and leaves of a remarkably dark purple. These dark-stemmed asters are always worth watching. I am particularly keen on the tall *Calliope*.

If you only want one, it is a relatively open secret that you need *Aster frikerti* Monch, which has the largest lavender-blue flower in its group and usu-

ally persists from July until September. All the experts have fallen for this one, from Sissinghurst to Graham Thomas. With me, it flowers much more freely if it is well fed but I would not dispute its fame as the longest-lasting daisy, an essential plant for the front of a border.

The only ones which I profoundly dislike are the dwarf forms with names such as *Dandy* or anything involving *Dome*. I am not easily persuaded to go below 2ft, and for late colour I much prefer the many varieties of *Aster ericoides*, which will persist into mid-November.

The Pictons will take orders from their list for dispatch next spring but if you have not made the journey to Worcestershire, many of the best forms can be ordered by mail from Four Seasons nursery, Forecote St Mary, Norwich. A few plants soon go a long way because almost all of these asters are easily divided in spring when the danger of wet soil and too much damp round their necks are past. Thereafter, they seem well able to cope with whatever eccentric autumns throw at them.

Skating
Magic in the eastern mists

Arnie Wilson is enchanted by New England slopes

In the depths of winter, the weather in New England can be as dank, misty and chill as old England - and usually a lot colder.

It might be the best place in the world to be during autumn but once the spectacular reds, yellows and russets of the autumn leaves are buried beneath the snow, Vermont and New Hampshire, in the icy clutches of a December white-out can take on a ghostly desolation that makes you shudder in the half-light of the deserted and leafless aspen glades.

Skating proverbs abound: "If you can ski in Vermont, you can ski anywhere"; or "If it ain't blue and you can't see your reflection in it, it ain't ice."

The Rockies traditionally have far better snow than the Appalachians - the mountains are much higher and more alpine, the resorts usually much bigger, and the weather often much better. Given the choice, most people would much rather ski in Snowmass than Stowe. So why is the New England ski experience sometimes so enchanting? Perhaps it is largely subjective, but when I toured Vermont last spring, just before the arrival of "Nouveau Maple Syrup," I found the mountains - big hills, really - hauntingly beautiful and a refreshing change from the Rockies I love so much.

There is a near magical feeling you get in the mist-laden woods of the east - shared perhaps with the odd

Boreal Owl or Red Tailed Hawk - that you never experience out west.

Having made a firm decision to ski in such places as Stratton ("where snowboarding was born"), Sugarbush and Okemo, I never regretted it, in much the same way as I have recently enjoyed a break from the French Alps by skiing in such Pyrenean resorts as Barèges, Cauterets, La Mongie and St Lary.

Perhaps it is a mistake for east coast resorts to try to compare themselves with those in the Rockies. Stowe,

for example, likes to call itself "The Lion In Winter", or the "Ski Capital of the East", and Killington which trumpets on about its six mountains being the "largest ski area in the East."

Indeed, Tim Piper, sales manager of Sugarbush considers it a crime when people make such comparisons. "Anyone mentioning the word east when describing a resort in Vermont should be immediately shot," he says. "It suggests that the west is automatically better, and then you get lumped together with the smallest resorts in, say, Pennsylv-

nia, as a lowest common denominator."

All of this has not prevented Crystal Holidays from referring to Sugarbush as having the "three single biggest skiable peaks in a single resort in the east."

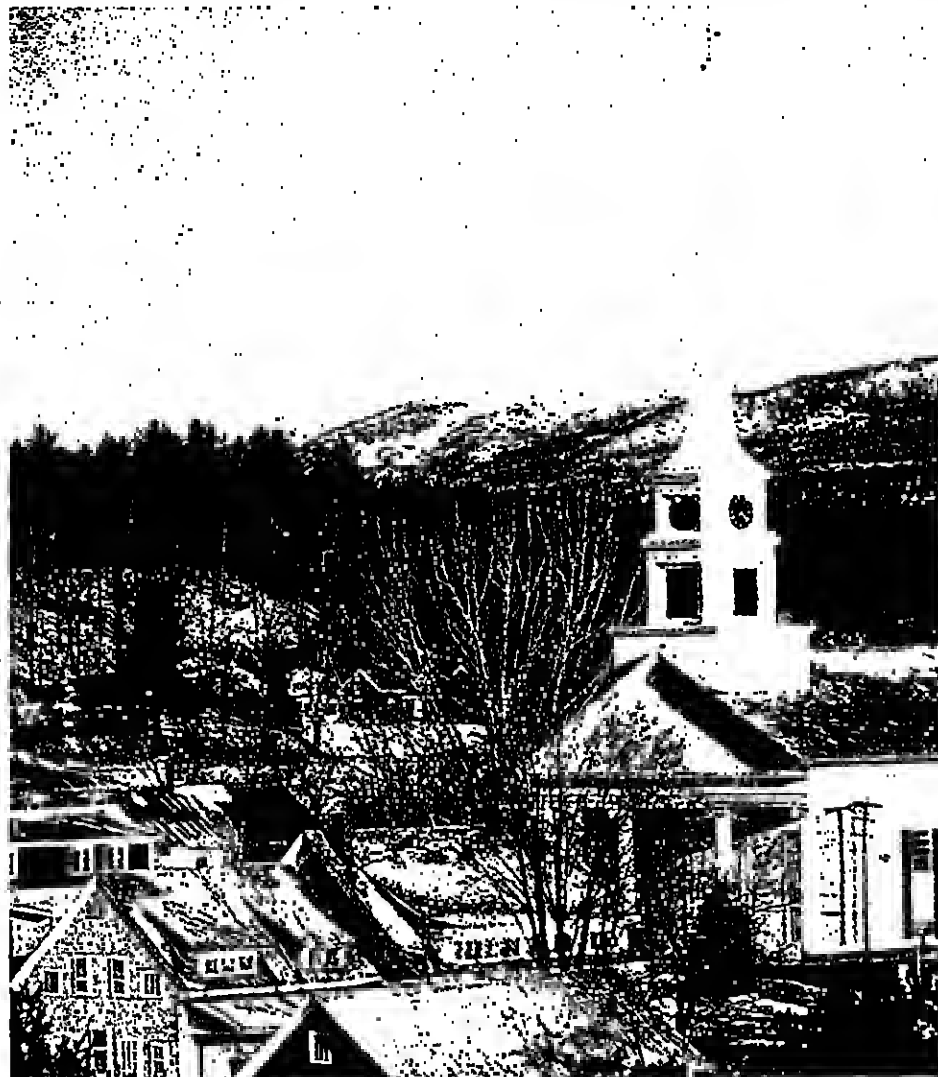
The resort does score over its western rivals in one respect - claiming its "Fat Bob" snowboard park is the largest in the world.

It is true that during freak winters New England sometimes gets better snow coverage than the Rockies, and they do have some double black diamond trails. Snuggler's Notch, now linked with Stowe, even has Black Hole, a triple black, and Stein's Run - named after the legendary Norwegian downhill racer Stein Eriksen - which can still get the adrenalin going.

Bernie Weichsel, boss of Ski USA, recalls skiing here as a high school kid and being given an impromptu lesson by the great man himself on this very run in the 1960s. Stein left Weichsel in his wake with the parting words: "Do it Stein's way!"

But in truth there is nowhere in Vermont, New Hampshire or New York that can touch the likes of Aspen, Vail, Breckenridge or Jackson Hole for scale.

What Vermont resorts should promote is their charm, coziness, friendliness - as much as any Colorado resort - and their location. The philosophy, to borrow from the movie *Field of Dreams*, has become: "Build it, and they will come."



Snowscape in Stowe: the New England ski experience can be hauntingly beautiful

Skiers had been leaving until Sugarbush launched a big expansion programme. Years of stagnation are coming to an end and the resort builds as many lifts and as much snow-making as possible. It has transformed the resort. "It's been like Vietnam here, with helicopters lowering lift towers all over the mountain," says Piper. "People are surprised at how big we are."

The resort now claims 111 trails. Even so, not everyone

makes a bee-line for Sugarbush. Says Piper: "We're like liver and onions on a menu. Not everyone may like liver and onions, but unless you put it on the menu, they'll never even try it."

"Big resorts such as Killington do better in bad snow years, but in good snow years people often tend to ski local areas where tickets are cheaper."

Even the cuisine is as good as you will find anywhere in the US. In Sugarbush, I skied

the "Out To Lunch Trail" and stumbled across delicious fare at Chez Henri, an establishment run by genuine Frenchmen. They settled here, enjoyed the local slopes, and never bothered to move further west for their skiing. Now they run one of the quaintest restaurants... in the east.

A lift for US resorts

US ski resort operators were in bullish mood on their visit to London this week. A series of takeovers and mergers among US resorts has unleashed big investment programmes, and managers expect improved facilities, plus demographic changes, to produce a big increase in visitors.

At a dinner hosted by Ski USA, which markets 30 American ski areas, Les Otten of the American Skiing Company and Adam Aron of Vail Resorts (the two largest ski resort companies in the US, spoke of their faith in the future and their hopes for a new generation of skiers to emerge.

Aron even promised European-style mountain restaurants: "If that's what you want, we'll build it," he said.

Otten's company now runs several east coast resorts, including Killington, Sugarbush and Mount Snow in Vermont, and Sugarloaf and Sunday River in Maine. I spoke to Otten on his home turf last season.

He is now responsible for mountains which between them attracted more than 3m visitors last year - 26 per cent of skiing in New England and 6 per cent in North America. Season revenues are expected to be more than \$200m.

While some corporate ski resort owners have stumbled in recent years by contracting on mountainside property development, Otten's strengths lie in enhancing skiing on the

mountain and aggressive marketing.

From modest beginnings, he caught the attention of the industry by transforming Sunday River from a remote meadow with 40,000 skiers and one chair lift in 1980, to a destination mountain today with more than 550,000 skiers and 16 lifts spanning seven peaks.

That growth came as skiing across North America was stagnant, and at a time when premier New England resorts suffered declines.

Otten, a grey-haired, lively 47-year-old, reflected on the impact of the merger of his LBO Enterprises with S-K-I Ltd earlier this year. "It is a moment of risk, but we are in control," he said.

As many American resorts are finding, consolidation of ownership can bring powerful operational, purchasing and marketing synergies. Otten's resort management teams, for example, accustomed to waging expensive marketing battles with each other, are now pooling resources on new campaigns to grow skiing in the region and to attract skiers from abroad.

The greatest risk of assembling a portfolio of resorts concentrated in New England, however, is the region's weather. "The east has one tremendous winter in a decade, one horrible winter and eight years when you have to work real hard. Our goal is to be profitable during those eight years. To do that we have to hust our hump," he said.

Todd Shapera

Motoring / Stuart Marshall

Winter's self-inflicted wounds

In the next four months, at least 1m Britons are going to perform the motoring equivalent of shooting themselves in the foot. They will have to call out one of the motoring organisations to save them from the consequences of their own folly - for which read, the neglect of a few simple precautions.

Battery failure, which led to 322,000 calls for help to the AA alone in the last November-January period, accounts for one in five winter breakdowns. Nearly all are foreseeable and preventable. Batteries work hard in modern cars but rarely die suddenly. If a normally well-behaved car is reluctant to

start on the first frosty morning - be warned. Both battery, and the alternator that charges it up while you are driving, need checking.

Next on the AA's list of troublemakers are tyres and keys. Many, perhaps most, modern tyre failures that strand drivers on motorway hard shoulders start as slow punctures. A tyre losing pressure overnight needs fixing or replacing. A daily top up from a garage airline will not do because it does not touch the cause, which in most cases is a nail that will eventually work out and make the tyre go down suddenly.

Well-worn tyres are more likely to fail than those with

plenty of tread pattern left. They may also be embarrassingly grippily in heavy rain, even more so on snow and sleet. Trying to squeeze a few hundred more miles from a badly worn tyre in winter is unwise, probably illegal and certainly dangerous.

Any driver can lose the keys or lock himself out of the car; 162,300 of them asked the AA to help last year. (If you have a spare set, do you know where they are?) Many modern cars have battery-operated, remote-controlled locking systems. Do you replace that battery at least once a year? You should.

Running out of fuel -

nearly 94,000 AA members did so in 1995 - is the worst self-inflicted motoring wound of all. Make it a rule never to let the low fuel warning light come on; fill up when the tank is only a quarter full. AA chief engineer, David Lang, warns that an engine misfiring as the tank runs dry can allow unburned petrol to damage the exhaust catalyser terminally. A replacement will cost several hundred pounds.

When filling up, make sure you do not put leaded fuel into a catalysed car, or diesel into any petrol car and vice versa. Nearly 7,000 AA members (and no doubt as many again belonging to

other motoring organisations) did so last year. Petrol can severely damage a diesel engine; a petrol car's complete fuel system must be drained if filled with diesel - and no garage will buy a tankful of petrol/diesel mixture back. Putting leaded petrol into a car under three years old will make the catalyser useless, as you will discover to your chagrin and cost when it has its first MOT test.

And avoid that curse of winter motoring, the frozen screenwash, by putting plenty of antifreeze additive - not radiator antifreeze - in the reservoir now instead of waiting for that first cold snap.

road. A small turning circle made parking unexpectedly easy. Mercedes-Benz UK reckons to sell 1,100 Spanish-built V-Class MPVs in the UK next year at prices ranging from £21,750 to £24,650 depending on trim and equipment. To whom? Mainly parents with several children who will use it as a family bus, says MBUK. Maybe, I see the V-Class's natural habitat as the gravelled drive of a £200 per night country hotel, ready to take guests to the airport.

If they have a lot of luggage, the hotel will need a strong porter to lift out the rear-most pair of seats; at 40kg apiece, almost in weightlifter territory.

Superior comfort, low looks

No one is going to choose the ugly Mercedes-Benz V-Class multi-purpose vehicle (pictured) for its looks, writes Stuart Marshall. From the side, it resembles a delivery van with windows; from the rear, a trendy funeral director's hearse.

The driver will find it is closer to a van than a car but the passengers - up to six - sit at least as comfortably as they would in business class, with lots of luggage room behind. Huge sliding doors make it easy to enter and leave and rear air suspension smooths the ride. A 2.3-litre petrol engine (a petrol V6 and a turbo-diesel are coming) drives the front wheels through automatic or manual transmission. In narrow



Cotswold lanes, the V-Class felt rather elephantine and the engine sounded hard-worked on steep hills but it cruised nicely on the open

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PROPERTY

High season in the Caribbean has just started. As northerners flee the winter, it will peak at Christmas, and again in February. But visitors could come all year round, since temperatures stay between 16°C and 32°C, although summer brings the occasional hurricane.

Nevis and Montserrat are two unspoilt small islands in sight of each other in the Leeward Isles, separating the Caribbean from the Atlantic. Well-wooded and lush, they have plenty of water and around 10,000 people each. Both are thoroughly old-fashioned, Montserrat especially.

To buy a holiday home, there is only one way to start. Go for a holiday and explore fully before deciding to commit at least half a million dollars. "Unlike the speed of selling a period house in Hampshire," says John German of agent Cluttons, "slow and steady is the mode in the Caribbean." Buyers may need several trips.

Bring plenty to read in time off from sailing, swimming, snorkelling or golf. Snake-free, the islands are also ideal for walks.

Nevisians and Montserratians are friendly people, especially James Farrell whom I met in Montserrat - the first black to be a kilt-maker in the British army. Both islands celebrate the first Monday in August as the anniversary of the Emancipation Act which abolished slavery in 1834.

Together with another neighbour St Kitts, Nevis is an independent state. Its name comes from Nevis Peak (3,226ft), which Christopher Columbus is said to have christened Our Lady of the Snows (*Nieves*) on his second voyage in 1493. The English settled in 1628 and introduced sugar plantations - now mostly smart hotels - the Church of England and cricket. Nevis specialises in spin bowlers - right for an island where the pace of life is gentle.

It has two museums - the birthplace of Alexander Hamilton (the first Secretary of the US Treasury) concentrates on island history, while the Nelson Museum celebrates Nelson's marrying Fanny Nisbet of Nevis in



Tested for winds of up to 200mph: the Four Seasons development on Nevis

Laid-back Leewards

Gerald Cadogan finds Nevis and Montserrat gentle on the mind

1787, and battles with the French in Caribbean waters. Near the capital, Charlestown, is the Four Seasons resort hotel, which supplies all the year-round resources of a good US country club, even remarking the beach if a storm shifts the sand. The real damage comes the day after a hurricane, said John Meycock, Four Seasons' sports director. "That is when the sea is absolutely raging."

Beside the superb golf course by Robert Trent Jones Jr, Four Seasons is building spacious holiday homes, tested for winds of up to 200mph. They have grand views over the course, coconut trees, and lush gardens.

At the 15th, players must drive across a gorge (or "gut"). If the balls drop short, local children find them and sell them at half price.

Cluttons is London agent for Four Seasons, and for Isles Bay Plantation on Montserrat, a beautiful and even less developed island of deep



Sea-view: Palm Tree house, Isles Bay, Montserrat

valleys and wooded coves. Buyers here must be self-reliant and relaxed. It has no plantation hotels, and the golf course has just 11 greens - but 18 tees for 18 holes. It is easy to arrange a boat for fishing.

Last year, its volcano turned active, after centuries of peace. There has been no major eruption, but a lava flow has fanned out into the Atlantic and the main town of Plymouth was evacuated because of volcanic ash. A sprinkle of ash is barely noticeable at Isles Bay,

where architect John Renton of the London firm, Renton Welch, has planned 20 villas in an idyllic spot on the side of the valley above the golf course, with views to the mountains.

In traditional Caribbean style, his houses have high ceilings, lattice screens in the roof and louvered shutters to keep the air flowing. Air conditioning is not essential, but "a verandah round the house is", he says. "It stops the walls of the house heating up," as well as providing some extra space.

Renton believes in large swimming pools and pool terraces, and likes a pavilion or gazebo at the end of the terrace where the wind is most cooling.

Houses at Isles Bay cost between \$475,000 and \$1.5m. Like Four Seasons, the development offers maintenance and rental management (taking 20 per cent of the gross rent), and the government allows owners a 15-year tax holiday on the rent. The rates are \$1,450 to \$3,150 a week.

Reaching Nevis and Montserrat from Europe by BA London-Antigua, as I did, and LIA* (scheduled) or Carib* (charter) between the islands. From the US, many fly via San Juan.

Cluttons, London (0044-171-408 1010); Four Seasons Resort Estates, Nevis (001-809-489 1189); Isles Bay Plantation, Montserrat (001-809-491 4942).

NEXT WEEK: A Travel special focusing on the Caribbean

On the Move / Gerald Cadogan

Faded glory in Gloucestershire

The 1,400 acre Estcourt estate in Gloucestershire, near Tetbury and the M4, has belonged to the Estcourt family since 1303. Now it is for sale with a guide price of £5m.

It has a glorious park, with ancient oaks and an imposing avenue, but the big house was demolished in the 1960s. There is planning permission for a replacement on the site, now covered by scrub, but a new owner may prefer to live in the dower house or one of the other cottages on the estate.

The problem at Estcourt is how much needs doing - except in farming - to restore it to a glory that looks to have stopped in the last century. The river and lakes need cleaning, and one could make a fine shoot. The walled gardens want restocking, and a fabulous range of stables, barns and coach house needs a total overhaul.

The buyer must have a stout heart and deep purse, and would be wise to retain his own agent to check the value assigned by Lane Fox (0171-499 4785) and Savills (0171-405 8800). The normal procedure with estates is to value the parts individually, and then to set a premium for buying them as a whole. Assessing the premium allows plenty of room for negotiation.

Next door to Estcourt is the Prince of Wales' Highgrove. Does this add to, or detract from, any premium?

□ □ □

The buyer of Estcourt could be an entrepreneur who has a large capital gain from selling his company, and can use roll-over investment relief to shelter the gain by reinvesting it in a qualifying business such as farming. Estates offer an excellent opportunity to



See spirit: The Mill House at Wylye

take advantage of this relief. Farmland also qualifies for 100 per cent IHT relief. Land agent Clegg Kennedy Drew (01780-52788), which has set up a service called Square Mile Farming to help RIR investors, advises using the relief as soon as possible. The window of opportunity may well shut in May, after the election.

□ □ □

Fresh on the market is a shrine for lovers of 17th century poetry: the Old Rectory at Bemerton near Salisbury (and a view of the famous spire). A mellow house with 17 acres of garden and watermeadow running down to the trout-rich river Nadder (which also has some coarse fish), George Herbert became priest here, wrote his main work *The Temple*, and died in 1833 at the age of 40.



The Estcourt estate

Strutt & Parker (01722-328741) asks £585,000.

□ □ □

Three other watery proper-

ties: at the Mill House at Wylye, 11 miles from Salisbury, there is a statue of a sea-spirt blowing a shell in the middle of the river. One of the Earls of Pembroke (a kinsman of George Herbert) obtained it on the Grand Tour in the 18th century and put it there as a memorial to a postillion who drowned, after saving a relation of the earl when his coach overturned in a flood. Knight Frank (01488-881726), seeks offers over £535,000.

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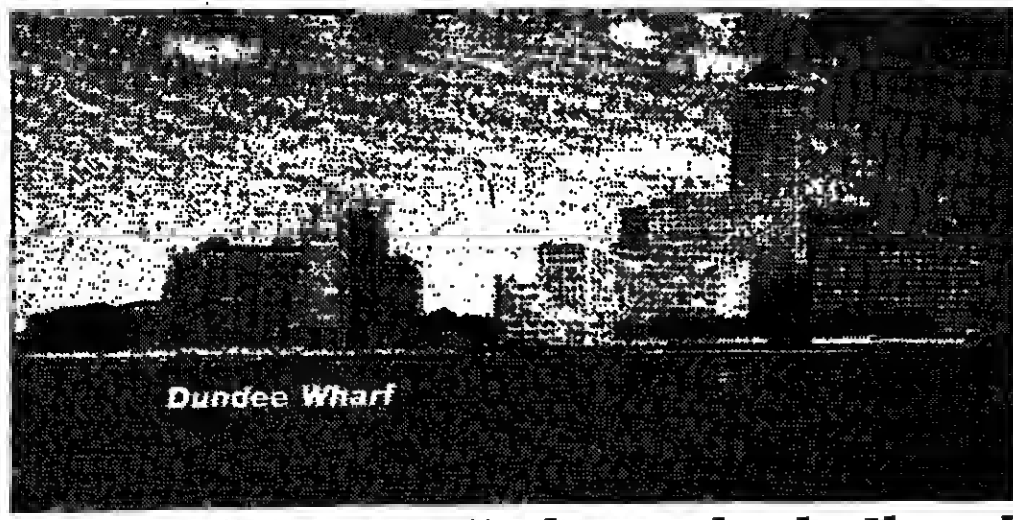
Malswick Mill near Newent in Gloucestershire, listed grade II, has nine acres on Ell Brook, a tributary of the Leaden. The price has been reduced to £315,000 with Strutt & Parker (01608-650602).

□ □ □

Celebrate Guy Fawkes' Day at Powdermill House at Maresfield in East Sussex. Eleven years old but in traditional Sussex style, it is on the site of an iron foundry and a gunpowder plant that closed in 1855 after explosions. Its 35.5 acres include four lakes or "hammer ponds", an integral part of the pre-Industrial Revolution iron industry of the Weald of Sussex and Kent. GA Town & Country (01899-542711) and Hamptons (0171-493 8222). Offers over £585,000.

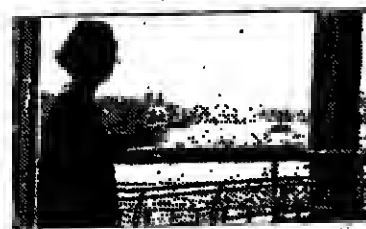
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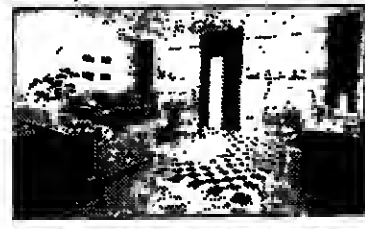


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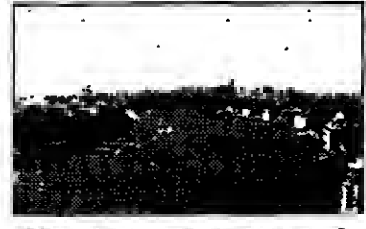
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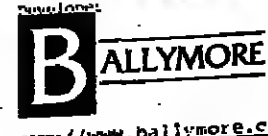
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BOOKS

Painful memories of a survivor

Kieran Cooke on a harrowing account of growing up in Ireland in the 1930s

On St Patrick's Day, 1943, Eamon De Valera, the first president of an independent Ireland, talked of his image of the nation: "... A land whose countryside would be bright with cozy homesteads, whose fields and villages would be joyous with the sounds of industry, with the romping of sturdy children, the contests of athletic youths and the laughter of comely maidens, whose firesides would be forums for the wisdom of serene old age. It would, in a word, be the home of a people living the life that God desires that man should live."

De Valera was a romantic. The yoke of British colonialism had been thrown off but life for the majority of Ireland's population had not improved. For many malnourished, drunkenness, unemployment and brutal officialdom were the order of the day.

Frank McCourt has written a harrowing tale of life among the poor in Limerick in the 1930s and 40s. It is not a lyrical book, nor does it attempt any great social analysis. Its basic message is straightforward, driven home with a bald statement of the facts: to be poor in those times in Ireland was hell, with people forced to leave the country in numbers approaching those during the famine a century earlier. There was little romance in being a child at the time.

"When I look back on my childhood I wonder how I survived at all. It was, of course, a miserable childhood; the bappy childhood is hardly worth your while. Worse than the ordinary miserable childhood is the miserable Irish childhood, and worse yet is the miserable Irish Catholic childhood."

Frank McCourt was born of Irish parents in Brooklyn in 1930. A sister dies, the father has drunk all the money. There is nothing for it but to return to Ireland. Eventually the family find a hovel of a home in the back lanes of Limerick. Consumption and typhoid are festering in the damp air. In breathless, stream-of-consciousness fashion, McCourt describes the daily struggle to survive and the tragedies that come knocking on the family's door.

Oliver and Eugene are twins. Frank's younger brother, Oliver dies. "Eugene is too small to know anything. When he wakes in the morning he says, Ollie, Ollie, and toddles around the room looking under the beds or he climbs up on the bed by the window and points to children on the street, especially to children with fair hair like him and Oliver. Ollie, Ollie, he says, and Mam picks him up, sobs, hugs him. He struggles to get down because he doesn't want to be picked up and hugged. He wants to find Oliver... six months after Oliver went, we woke on a mean November morning and there was Eugene, cold in the bed beside us."

The father is not only a drunkard but also from Northern Ireland. This makes it doubly difficult for him to find and hold a job. He eventually goes to work in England, never to return. McCourt has no bitterness. "I think my father is like the Holy Trinity with three people in him, the one in the morning with the paper, the one at night with the stories and the prayers, and then the one who does the bad thing and comes home with the smell of whiskey and wants us to die for Ireland."

ANGELA'S ASHES: A MEMOIR OF A CHILDHOOD
by Frank McCourt
Harper Collins £16.99, 364 pages

The night before the launch of the *New Grove Dictionary of Music and Musicians* in 1980, the late Harold Macmillan asked the managing director of the family firm, "How about an art dictionary now?" Little could he have realised what that chance remark would entail.



Fragment of a wall painting from an unidentified tomb in Thebes c.1391-1353BC, one of many illustrations in 34 volumes of 'The Dictionary of Art'

In ambition the Macmillan *Dictionary of Art* far exceeds the *New Grove* - and for that matter, any other project in the history of art publishing. Despite the many Jeremiahs who gleefully predicted that a colossal, all-embracing art dictionary could never see the light of day, here it is. All 34 volumes of it.

Puts you in the picture

This exhaustive reference series is a work of art in itself, writes Susan Moore

Somehow one was not prepared for its sheer physical bulk: stacked in a pile it is the height of its third and last editor, Jane Shoaf Turner, and rather short of its first, Hugh Brigstocke. There are the statistics. Its 30,000 pages comprise 25 million words; 41,000 articles written by 6,700 scholars from 120 different countries. There are 15,000 black and white illustrations integrated into the text (the colour plates are printed in separate sections in each volume.) The price has rather an impressive number of digits too.

There is no doubt that the Macmillan - as it is already known - is a publishing phenomenon, and a magisterial piece of editorial organisation. Thrashing out the details of this account of all the visual arts of every civilisation and culture from prehistory to the present day, must have been challenging enough. Adjudicating between the differences of scholarly opinion in related entries - for one of the work's great strengths is its consistency - must have been a nightmare.

New entries had to be commissioned, and existing entries revised. In the wake of every major discovery made over the last 15 years. War damage, natural disasters and political upheavals also took their toll. The project was not without logistical problems either. How did the buildings of Albania get photographed when every film sent into the country is confiscated? Film was smuggled in and smuggled it out.

It is easy to applaud this breadth and thoroughness, harder to determine the value of the enterprise. What kind of information does the dictionary provide? Who will benefit from its use?

The Macmillan has only one serious rival, Thieme-Becker's *Allgemeines Lexikon der Bildenden Künste*. But that has all sorts of disadvantages. One is that it is showing its age (it was published between 1907 and 1950 in 37 volumes), and that we will all be dead before the snail's pace new edition is completed. It is also in German, which makes it less universally accessible, has

no illustrations, confines itself to biographies of individuals, and is exclusively concerned with western art. All of those negatives define many of the best features of the Macmillan. The history of art is not exclusively the history of artists; it never was, and it certainly is not nowadays with the various inter-disciplinary approaches and methodologies of the New Art History. Apart from the biographical entries - on artists, theorists, critics, patrons and collectors - there are entries on peoples (82 relate to the continent of Africa alone), sites, countries, cities, buildings, styles and movements, forms, themes, subjects, materials, techniques and conversation. Some entries are fairly detailed, others paint with a broad brush. The only possible objection any reviewer is to spot-check a sample of them.

First the thematic, one of the most difficult types of entry for the contributor and potentially the least satisfactory for the reader. As it turned out, Lorne Campbell's Portraiture deserves some sort of Oscar for being informative, thoughtful, witty and elegant. It also destroyed my most cherished preconception that such wide-ranging entries would only be of interest to sixth-formers cribbing for essays or people playing Trivial Pursuit. No doubt Campbell's entry is exceptional, but perhaps a kind of professional *sonnet* will lead us to the best entries.

I looked up the bronzes of Riace, which have a fair claim to being the most beautiful statues ever made although we do not know whose work they are. The entry seemed excellent, or would be but for the worrying discovery that a gremlin has dated their recovery off the coast of Calabria to 1958 when it should be 1972. Furthermore, the entry is helpfully cross-referenced to draw one to Artemision Bronzes, Greece, Ancient, Polykleitos, Phedias, Niobid Painter and Vase painters, so there are more than enough suggestions for further reading within the dictionary itself, without even consulting the bibliography.

As a fan of Khmer architecture and sculpture, I dipped into the section on Cambodia, which reminded me that this is a work of reference, and, as with Flinoberry, dryness is more than acceptable. To see what the dictionary said of art scholarship, I looked up Blunt, Anthony. This proved singularly terse. It also omitted Alan Bennett's *A Question of Attribution* from the bibliography. Knowing where to draw the line must have required judgment of which Solomon would have been proud. The patron Tommaso Portinari, for instance, who commissioned Hugo van der Goes's masterpiece and a Memling or two, has an entry all to himself, as does Jan Van Eyck's Chancellor Rolin, who was also a patron of Rogier van der Weyden. Maybe because he committed the foolish error of only getting pictures from Jan Van Eyck, Sgr Arnolfini - he of *Wedding Tame* - is omitted.

All the trouble in the world

Dr Mairi J Blackings commends a bold exploration of the turmoil in Africa

Wole Soyinka's *The Open Sore of a Continent* is a bold and stimulating book not only about the various roaring "tribal conflicts" in Africa or Nigeria's latest dive into a ruthless military dictatorship, but about the issues of national identity and sovereignty facing people trying to live together under a single flag everywhere.

The author, the exiled Nigerian Nobel laureate, traces with the skills of a dramatist and the observant eye of an astute political

activist the catalogue of events that led to the assumption of power in Nigeria by the military dictator General Sani Abacha and the reasons behind his hurried execution of the activist Ken Saro-Wiwa, to give us a clear and illuminating reflection on the dismal failure of the nation state in Africa. The complexity of this

issue is illustrated with examples from trouble spots in other parts of the world: Ireland, the former Yugoslavia and Soviet Union, and the Middle East, each with its own individual peculiarity, but all linked together by the spirited refusal of these national longings to go away by themselves.

Soyinka does not pretend there are easy solutions. Nor does he shy away from prescribing the surgeon's knife, if only to prevent sliding into cruder forms of nationalism. Where nation states could not and would not protect its citizens, Soyinka suggests the erosion of their sovereignty from below, through plebiscite. Anachronisms like the "sanctity of national boundaries" and "unification for its own sake and at any price" will have offered many an excuse for wholesale slaughters



Skilled observer: Wole Soyinka

have to be critically re-examined, if not dispensed with. "The unity of a state cannot be non-negotiable," Soyinka argues. A well-organised plebiscite - "an evolution from the bottom" - could be used to determine

top: the United Arab Republic of Libya and Egypt, the Ghana-Guinea-Mali Union, and that of Senegal and Gambia. That these past efforts have been misguided is summed up in the question he poses to the Nigerian people, which applies equally to every nation - "Are we trying to keep Nigeria a nation? Or are we trying to make it one? The difference is crucial?"

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Whether the ensuing proliferation of new nation-states would yield the desired outcome or not remains to be seen. Nevertheless, in *The Open Sore of a Continent*, Soyinka has once again established himself as a leading voice against all forms of repression not only in his native Nigeria, but in Africa as a whole. Read against the Nigerian crisis and the carnage in Somalia, Liberia,

Rwanda, and the Sudan this book opens a line of debate that Africa and the rest of the world cannot afford to ignore any longer. This is required reading for anyone who wishes to examine critically the present turmoil in Africa and to understand how the Mafia-like operational ruthlessness of the tin-pot dictators remains a force that could snuff out whatever life is left of the nation-state in Africa.

His progress, as Oakley's book makes clear, was at the expense of his wife's. A photograph taken in the 1930s demonstrates their relative positions in the early years of their relationship. Kay showing the then Duke of Kent round a centre for the unemployed in West London while Richard stands in the background, trying to get a clear view of what is going on. "She was in the world he wanted to get into," observes Oakley, "and he was still at its margins". The second world war, which Kay spent mostly in the safety of the Bedfordshire countryside, helping Richard's farming relatives look after evacuees, marked the beginning of a dramatic reversal of their public and private lives.

Kay withdrew into a domestic world of cleaning, cooking, typing manuscripts and holding the baby while her husband's career flourished. After the war Richard was appointed a professor at the London School of Eco-

nomics, wrote highly-regarded books and was awarded the CBE. Did Kay mind? Oakley's book concentrates on the war years, when their relationship was documented in a series of letters which range across their natural anxieties for each other, food shortages, and Richard's work as a statistician and historian. "Oh my darling why were we born into a world of fools?" Kay asked in a letter in the summer of 1940, signing it "the discontented dishwasher", but her discontent seems to be political rather than personal.

The correspondence is on the whole stoical, mundane, occasionally spiteful about other people in the way that couples often fall into. What's strange about the letters, as Oakley admits in a devastating final chapter,

is the story it doesn't even begin to reveal. "The letters in this book tell a love story," she writes. "Kay and Richard undoubtedly loved each other. But the downside of love - the fear of dependency (on both sides), the flashes of hate - isn't there. It's unreal."

This may be in part because Kay censored the documents she left behind, destroying letters and diaries the contents of which Oakley can only guess at. Her guesses, though, are based on childhood observations of her parents' marriage which hint at another kind of story.

Her father's warmest relationships, she recalls, were with other men. This is not an observation about his sexuality but about his priorities and sources of inspiration. Her comparison of the relationship with my mother was flat, like a spent chord. Oakley remembers her mother as "cross a lot of the time"; no longer attempting to share the intellectual and political interests which still fascinated her husband. Because they regarded marriage as a joint project, Oakley's parents seem to have supported his interests, merged, when the interpretation she suggests in this book is that hers were subsumed into his.

Little different from that of other couples of their age and background. What makes their history ironic is Richard's position as a social reformer who never grasped the concealed role of gender in the family relationships which fascinated him - including his own. "What is joint", Oakley observes near the end of her book, "is not equal. Where roles and labours are divided, there are almost inevitably, inequalities of power".

She writes as a sociologist but also as a daughter whose primary material, however painful, comes from her own family background.

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COLLECTING

Can the Internet beat the theatre of a saleroom?

Auction houses are finding uses for modern technology, says Antony Thorncroft

Suddenly it's all action in the auction houses. In London over the next few weeks Sotheby's will be hoping to raise £1.5m from one of Waterhouse's most famous and sensual images, "Flora and the Zephyrs", and £1.2m from a late 18th century Mercator atlas, owned by the British Rail Pensions Fund. In New York it is offering a Louis XV royal silver tureen by Thomas Germain which, if it makes its \$3.5m estimate, will set a record for a

work of silver at auction. Christie's, meanwhile, hopes for \$10m plus in New York from each of a trio of paintings, two by Monet and one by de Kooning, and in London it hopes to raise £3m for a Degas pastel of dancers. London's more down-to-earth marketeers, Phillips and Bonhams, are reporting prices running generally at up to 10 per cent higher than a year ago; and the sold percentage of most of their sales has risen from about 75 to 80 per cent. The great auction houses

have come to dominate the trade in works of art, taking over the role of a retailer and dealing directly with collectors rather than acting as middleman for the trade. A decade ago, through their hyping of objects, their willingness to give loans to unreliable buyers (such as Alao Bond, the Australian tycoon), and their cut-throat competitive reductions in charges to important sellers, the auction houses precipitated a boom which in 1990 collapsed in financial disaster. Turnover at Sotheby's and Christie's almost halved in a year.

All the signs are that this time the revival will be better controlled. Sotheby's and Christie's have agreed to stick to fixed charges for sellers - which has brought so immediate and substantial boost to their profits. So far either house seems again inclined to promote works of art as a good investment, the primrose path which caused calamitous speculation. The auction houses are about to embark on revolutionary new ways of selling antiques. Modern technology seems a world away from the ponderous pattern of the traditional auction, the man with the gavel painstakingly extracting bids from a room lightly peppered with dealers and collectors. But this world is arriving fast. Last month The Auction Channel, which provides live coverage of auctions via cable and satellite, held a pilot charity auction, in co-operation with Bonhams.

There are doubts about a 24-hour channel devoted to this arcane activity, but whatever its future, Christopher Elwes, managing director of Bonhams, thinks that within five years many will be participating from their homes, making their bids via computer terminals. The Internet is already spreading through the auction world, enabling dealers and big-time collectors to

gain information about forthcoming sales, including in some cases images on screen of the objects offered at auction. There are problems. It can take minutes for an image to materialise, which currently inhibits the use of the Internet in bidding, and there is a need for more safeguards in protecting the secrecy of the data. Andrew Billington of Christie's believes that problems with the Internet, especially its inability to guarantee immediate access, will mean that a more sophisticated form of the system must soon emerge before it can play a big role in auction procedures. But, just as telephone bidding is now the norm, so Internet bidding will become commonplace.

Christopher Elwes thinks that catalogues will still be printed for each sale but in much smaller numbers. (They represent the second highest expense, after the payroll, for most houses - about 10 per cent of costs.) In most cases information will be distributed through the Internet, including, for big sales, the dispatch of a CD-Rom in which a specialist talks potential bidders through the key lots. Thesaurus, which computerises auction catalogues, thereby giving dealers and collectors access to any object in their field coming up for auction, is also revolutionising the lives of those in the trade. Some dealers are complaining: the chances of finding a valuable object hidden away in an obscure auction are much reduced, although wrong cataloguing can still enable the eagle-eyed to uncover bargains.

Christie's has a similar system in Lot Finder, through which collectors can ask for specific information about particular objects - from Dinky Toys to paintings by Murillo - that are about to appear at auction. To date, 6,500 clients have signed up for Lot Finder and sales can be attributed to its pin-point accuracy. The occasional auction has already been held with video links, and next month Christie's big Impressionist sale in London will be beamed to New York where likely bidders can be entertained and join in the action. Arch rival Sotheby's has toyed with such links but George Bailey, its European managing director, is more cautious about new technology. "What people like is the theatre of the saleroom - what materialises during the auction." No one envisages that the actual auction will become a tedious interaction between computer screens. Important collectors and dealers still love to travel the world, visiting London, New York, Monaco and Hong Kong for important sales. Bailey is also more cautious than his competitors about the current state of the market. "There is a gentle strengthening, with the UK to the fore." Furniture sales are better, and the international demand for top quality Impressionist and 20th century pictures is tempting more owners to risk offering their best works. But the state of the art market remains directly linked to the health of economies and the continent has yet totally to shake off recession, which is affecting prices in such areas as 19th century art and art nouveau. Only fine quality pieces of excellent provenance can command substantial premiums over last year: the run-of-the-mill is still unwanted. Speculation is absent. Last week in New York, big stones, flashy Eilat diamonds, which have grown to be second in importance to post-1870 art as a revenue earner for auction houses, performed poorly. The future for the auction houses looks bright. Dealers



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ARTS

Dealers have fun at the Basle fair

Susanna Rustin on who is exhibiting what at the second European Fine Art Foundation fair

W e're like circus people," says dealer Helen Linfield of Fine Art Foundation (FAF) on the antique fairs circuit. This week she is in Basle, where the second European Fine Art Foundation fair (Tefaf) hopes to build on last year's promising start, bringing together 125 dealers from a dozen countries.

Like Tefaf Maastricht, which celebrates its tenth anniversary in March, Basle's fair is strategically situated to draw an international crowd. Signs outside the airport point to France and Germany.

Attendance last weekend was up between 10 and 20 per cent, but there is some catching up to do: last year Basle had 12,500 visitors compared to Maastricht's 50,000. This year's private view seemed dominated by the Swiss, Americans in particular were conspicuous by their absence - the fair may have to become better established before they will like the journey.

If Basle is to succeed it will

have to cultivate those areas in which it can excel. On the top floor of the Messe Basle exhibition hall more than 30 dealers offer a wide selection of Classical Antiquities, Ethnographic and Pre-Columbian Art, and Oriental and Islamic Art.

Rossi and Rossi of Jermyn Street was so successful here last year that it has given up Maastricht. At one end of its stand is the "Reliquary Stupa", which, for \$700,000 (\$438,000), comes with a selection of necklaces, tiny gold flowers and trinket boxes. At the private view Rossi sold a Tibetan painting for more than \$100,000, and a bust for \$10,000 to a collector who usually concentrates on Egyptian and Graeco-Roman antiquities but was moved by the figure's spirituality. Priestly and

Ferraro (London) has also come back, but is missing last year's Italian visitors.

The Zen Gallery (Brussels) is a first-time visitor. Nestled in its display cases is a pair of rabbit-shaped gilt bronze paperweights from the Han period, priced \$F38,000 (\$19,000). Oliver Hoare (London) is at his first fair. His homely, English-looking stand has attracted a lot of interest, although the \$95,000 "Dancing Girl", by an unknown artist, one of a series of paintings which decorated a Qajar palace in nineteenth century Iran, was still looking for a buyer at the end of the first weekend.

Private views can be an anxious time for manuscript dealers, with browsers balancing a champagne glass in one hand and

turning pages with the other. Sam Fogg (London) is another Basle newcomer, who seemed pleased to observe that this is

Salis and Vertes sold a Renoir to a private collector for \$F400,000

"not a paintings fair". His Spanish choirbook c.1500 is the fair's highest book although not the most expensive. Pierre Berbs (Paris) offers first editions of Racine and Molière from \$F9,000

while \$F20,000 will buy a magical first edition of Alain Fournier's 1913 novel *Le Grand Meaulme*, bound in red leather and studded with gold stars.

Tefaf Basle chairman Konrad O. Bernheimer (Munich/London) presides at the first stand on the middle floor. He sold Francesco Albani's "Tausende Amoretti" for \$F700,000 on the first day, but knows that Basle cannot compete with Maastricht for paintings. "Arche Noah", by Frederick Bontats des Altere, was unsold at the end of the first weekend, as was "Der Garten von Eden", by Rolandt Savery (1876-1839), offered by Verner Amell, who is the only one of five London dealers who exhibited together at Basle last year to come back.

Salis and Vertes (Salzburg) has

sold a Renoir, "Roses", to a private collector for \$F400,000. More "Roses", by Scottish colourist Francis Campbell Bouleau Cadell (1883-1927), are offered by MacConnell-Mason (London) for upwards of \$30,000. Their modern edges stand out against an array of Victorian children and pets. Twentieth century art has traditionally been a weak spot at Tefaf fairs, but this year Gallery Delaive (Amsterdam) is selling well.

In contrast to the open plan middle floor, downstairs curtains and canopies create much more intimate spaces. Sweerts de Landas' (Surrey) garden ornaments stand is complete with wooden floors, moss, and a working fountain, while the elegant French furniture stand of Bernard Bar-

uch Steinitz (Paris) incorporates doorways and a staircase. Kunsthändler Julius Böhrer's (Munich) gorgeous bright yellow looks splendid against the red carpet, and drew me to its Augsburg Writing Cabinet, c.1580, the many drawers veneered with various woods. Next door Wakelin and Linfield (Billingshurst) offers a pleasing selection of English furniture. It sold a carved wooden deer's head to Swiss hunters on the first day. At the foot of its stand is a wonderful ash Child's Windsor Chair, dated 1775, which at \$3,600 some museum of childhood somewhere ought to be able to afford.

In a far corner of the top floor Metink and Roest (Vught) is the sole exhibitor in the Clocks and Watches section. Its clocks are not Swiss but German, French, and English.

Occupying pride of place is a south German "Monstranz" clock, c.1680, complete with signs of the zodiac. Its price in the region of \$F1m.

Fatal attraction marked by love and wars

Michael Ratcliffe on the centuries-old flirtation between France and Germany which inspires a new exhibition in Berlin

The French have been making themselves irresistible to the Germans for nearly 300 years. In Berlin and Potsdam alone there were Bellevue, Monbijou and Sanssouci palaces long before the Romantic poets and composers of Germany cast an even more powerful spell in the other direction.

French is, of course, the official language under any French roof, so shoppers and sightseers inside the spectacular new Galerie Lafayette in the old East Berlin are wished *une agréable soirée* over the public address system before being tipped out onto a deserted Friedrichstrasse at half past six. The message is then repeated in French-accented German and everybody finds it *ganz charmant*. Or do they? The shoppers aren't spending much. The French store, which will probably prove too small in a couple of years' time, is on a street still blocked by builders at both ends, and retail-tourists can gawp inside for free at Jean Nouvel's *grand projet*, with its voluptuous glass wall, three-storey dome, icy, eau-de-mil lighting fins and inviolate merchandise.

To pick up a gold metal basket in the food hall at Galleries Lafayette straight after three hours in the exhibition "Marianne und Germania 1789-1989" at the Martin-Gropius Bau is to see that the mischievous flirtation between Europe's quintessential neighbours goes on. It is a flirtation from which Britons (like Russians, Italians and Spaniards) are, by definition, excluded. "France and Germany: Two Worlds, One Show" is what the French call *l'histoire des mentalités* - the submerged history of everyday attitudes, myths and states of mind running alongside the recorded history of govern-

ments and Great Men - cast in the form of a large exhibition. It is rather like walking through a book of 17 rooms, four corridors and a central court, and when the walk is over, there is a superb illustrated catalogue which expands the subject threefold and boots it off in all sorts of literary, aesthetic and emotional ways. The shifting perceptions of France in Germany, of Germany in France, and of each by themselves, across the century that separates the French Revolution from the raising of the Eiffel

Bismarck's invasion in 1870 marked the end of what might be termed a tragic love affair

Tower, are visualised more by the plain things that show them shifting, or made them shift, than by the great art of the time - Holderlin's French travel pass; a victorious army's billowing elips; Hugo's steamboat ticket for a momentous journey down the Rhine. How well this magic of objects works depends on the resonance you attach to the things themselves and to the men and women who touched them at the time. I can pass up Madame de Staël's Paisley cashmere shawl because it doesn't look as though she wore it much, although the influential author of *De l'Allemagne* must have gathered similar ones round her shoulders on the dank autumn evenings when

she forced male *salonniers* to debate France, Germany and the meaning of life for yet another hour. But it is hard to resist Napoleon's working map of Germany (far bigger than any of Churchill's in the Cabinet War Rooms), with four extra folds stuck on to remind him how tantalisingly near the mouth of the Thames it was; the first manuscript page of the *Evroica* symphony, the last red-printed edition of Marx's *Neue Rheinische Zeitung*, or the Register of Births in Strasbourg the day the entries switched abruptly from French into German after the annihilation of France in the Franco-Prussian War.

Bismarck's invasion in 1870 marked the effective end of what Marie-Louise von Plessen, who has conceived the Berlin Festival show, calls a tragic love affair. German writers, artists and thinkers loved France as the champion of Liberty carried into action, while the French loved Germany as the home of philosophy and the soul. Each love was based on a misconception: the first that France would always offer Europe a revolutionary lead; the second that Germany would remain fragmented and never aspire to political power. But as Liberty and the soul paled beneath the rattle and glare of nationalism on both sides of the Rhine after the failed experiments of 1848, the nemesis of confrontation loomed.

This is the kind of show that the Germans, with their broad cultural imagination, generous curiosity about Europe, faith in the pleasure of public debate, and nervous regard for themselves have been doing with great wit and style for a decade and a half. Our past is another country, we do things differently there. It is hard to imagine, say, the British Museum and the Victoria &



An 1918 edition La Baionnette depicting the raising of the relationship between France and Germany

Albert presenting a cultural-historical art show on patriotism and the nature of the United Kingdom, based on Linda Colley's *Britons*, but when our unsure grasp of the present is so disastrously informed by our selective ignorance of the past, it is time they did.

Colley's pioneering book went some way towards ending Britain's hang-ups about what it sees as the mutually exclusive messages of kitsch and art. The Germans, like the French, got rid of theirs years ago, so "Marianne

und Germania" is full of bad, bland, melodramatic and often wickedly past paintings - some of the most Teutonic from Russia and Poland which are all there to make a point. The show would be worth seeing for more French and German caricatures alone.

Two artists who were neither bad nor geniuses memorialise Bismarck's siege of Paris more powerfully than the great Impressionists, most of whom had left town. While Monet painted Westminster and Pissarro got married in Croydon, Gustav Doré's ghost

armies marched out of the Rhine and his Marianne gripped the arm of the Sphinx for help as black smoke rose from the city below. But the propagandist image of the Franco-Prussian War is Anton von Werner's 1894 painting of German officers in the roccoco music room of a chalet outside Paris; singing and playing Schumann, smoking their pipes, thinking of home. What civilised invaders!

Werner, airbrushing back from more than two decades later, makes one fatal mistake; the

careless scatter of kindling, paper and pine cones over the carpet, though intended as *genetisch*, reminds you that all victory is also a rape and the catalogue then summons Flaubert, writing to a friend at the time: "What weighs on my heart is this invasion by the doctors of letters, shattering mirrors with their pistol shots and stealing clocks: there's something new in history!" If you want to know how it felt the other way round, watch Casper David Friedrich landscape a riverside idyll in Saxony tending under threat from the invading French.

The state divas and Queens of kitsch after 1800 were Marianne und Germania themselves and the exhibition tells you rather more about these national icons, perhaps, than you ever wanted to know. Red-capped Marianne was - and is - the image of Revolution, the Republic, Liberty, or

This is the kind of show the Germans have been doing with wit and style for a decade and a half

simply France. She has always been a real woman, or series of women, sculpted by Rodin and Rude, drawn by Daumier, painted by Delacroix and Steinlen, and embodied by plaster-casts of Brigitte Bardot and Catherine Deneuve. They are all here. Noble blonde image of warrior-motherhood fighting for her babes, Germania never met a real artist and so proved less durable. Unlike Marianne, she almost always kept her house buttoned and never did stamps. Both girls watched on the Rhine with swords drawn, and were much inspired by Joan of Arc (cue Schiller). Whenever revolution came around again, they parted for a few months before once more going their separate ways.

"Marianne und Germania" goes to Paris next autumn, where it will be given a new subtitle by the French: "Elective Affinities", in homage to the masterpiece by Goethe which suggests, among many insoluble mysteries, that love and friendship are, at worst, fatal attractions, and, at best, the most fiendishly complex things.

A critic always in his element

Alastair Macaulay pays tribute to Jack Tinker, who died on Monday

Jack Tinker was himself so much the epitome of the theatregoing that it is hard to conceive of London theatre without him. Theatre critic of the Daily Mail, he died suddenly and unexpectedly on Monday, at the age of 58.

Slight of build and urbane of manner, he was the Johnny Town-Mouse of critics: dapper, witty, companionable, charming.

A shrewd observer and a lively writer, he was also often seen on television and heard on radio. And he was a performer himself, known for his tap dancing and for his one-man talk show. But he was perhaps most himself when mixing with theatre folk onstage. He seemed to vibrate over with laughter; with good sense and tender humanity also. Many actors

were his good friends. We critics who often saw him several nights a week knew him as a bright companion.

His presence added considerably to the glamour and buzz of a first night. To note what he was wearing was always a pleasure; few people know so well how to combine elegance, flair, humour and individuality. But it was a greater pleasure to hear him talk - whether to overhear his chat on the sales or to converse with him oneself.

He was also a superb raconteur. At the most expensive hotel in Stratford-upon-Avon, he said Maggie Smith once complained to him that she could not see why he so enjoyed staying there - she had been given a quite undistinguished room there. Jack at once went on her behalf to the hotel management, who explained to him that, alas, Smith had not reserved her room under her stage name but under her married name, as Mrs Cross. "Well," Jack told them, "She's Mrs Very Cross now."

He told me this story at Stratford two years later, on her son Toby Stephens's first night as Coriolanus and he went on to say how, when he



Shrewd and witty raconteur: Jack Tinker

had arrived at that same hotel that very day, he had found that, although he had booked his usual room three months earlier, it had already been taken. "By whom?" Jack had asked with irritation. "By Dame Maggie Smith," the management informed him. This time, she had reserved the very room he had so praised to her two years before; under the name of "Dame Maggie Smith, Dame of the British Empire." The hotel-on-his-own-petard amusement with which Jack related this tale was exquisite.

Jack's eyes always danced, and the very sound of his voice - so characterful - was delightful. I shall miss most, however, the look of his face during performances. Some critics scowl; others look blank, or anxious, or apprehensive. But Jack's face, even in repose and in profile, looked lithe. As he sat there with his face lifted to the stage, everything - the upturned corners of his mouth, the vivid life of his eyes, the keen point of his nose - expressed the same thing: he was in his element.

Beautifully woven threads of imagination and realism

Sarah Hemming reviews 'The Weavers' by Gerhart Hauptmann

The *Weavers* is the sort of production that has earned the Gata theatre its name, a highly imaginative staging of a European classic. The team (director, designer, translator) which mounted the promenade production of *Hunting Scenes from Lower Bavaria*, thrusting you into the dark world of that play, now tackles Gerhart Hauptmann's gem and again gives it such a vivid staging that you see the play afresh.

Hauptmann's great example of German social realism portrays the plight and revolt of a group of Silesian weavers in the mid-19th century. Hauptmann basically acted then as a campaigning journalist might now. He visited the weavers, recorded their dreadful living and working conditions and made public what he saw. Only rather than write an award-winning documentary, Hauptmann crafted a play that revealed in startling detail the poverty of the weavers, but also saw in their desperate uprising and its consequences a more universal tragedy.

To be fair, Hauptmann does mention the commercial pressures that the factory owners were under. But

his main achievement is the detailed way he brings to life a vast group of downtrodden people, making you feel every individual despair as yet another piece of cloth is rejected or undervalued.

The danger with staging this sort of naturalistic work is that you admire the detail but see nothing surprising. Dominic Cooke's production, however, cleverly avoids just plunking it on stage, and while it keeps the naturalistic detail, it adds a brilliant twist.

In keeping with Gata tradition, Robert Innes Hopkins' inspired design transforms the whole auditorium. He squeezes the audience high up around the walls, looking down into a rectangular pit with steep grey sides. This pit serves as the stage, so you peer down on the weavers as they scurry about like ants.

It's a clever design that creates a relationship between audience and actors without damaging audibility and it is, of course, symbolic of the weavers' plight.

Within this space, Cooke marshals the large cast well and keeps the focus of the play moving about. Anthony Vivis's loquacious colloquial translation manages to seem rough and rural without pin-

ning the play down anywhere specific on English soil. The ensemble acting is very strong and, while it seems invidious to pick out any individual performances, one should mention Russell Mabey as the wild-eyed leader of the revolt, Maxwell Hutcheon as the war-mongering blacksmith and Andrew Melville as the lily-livered factory owner.

The production has one major fault. It suggests powerfully the pressure cooker atmosphere as events build to a crescendo. But while Hauptmann stirs your sym-

pathy for the weavers, he also introduces another note in the final scene as one devout old weaver argues vehemently against violent protest. You don't feel the full force of this conflict of ideas in Cooke's production and so the old weaver's shocking death brings the play to a full stop, rather than a tragic climax. That aside, this is yet another impressive piece of work from this venue.

Continues at the Gate, London W11 to November 23 (0171-229 0706).

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ARTS

New weapon in a heritage crusade

Antony Thorncroft finds much support for the Heritage Bill

Lord Rothschild was in a bullish mood when launching the annual report of the Heritage Lottery Fund (and its little sister the National Heritage Memorial Fund) this week. And so he should be. As a very hands-on chairman it is a pleasant task distributing millions of pounds each year to shore up the heritage.

After its initial cross blunder over safeguarding the Churchill archive, which made the Churchill family £11m richer but left the public cold, the fund has played a reassuringly straight bat. So straight that the government has found time in this final frenzied parliamentary year to push through a Heritage Bill which, according to Lord Rothschild, "lets us do anything under the sun".

The initial concern that one of the main provisions of the bill, a licence for the fund to give grants to private individuals, would be a bonanza for "toffs in houses", enabling them to fix their roofs and extend their parties, has been quickly squashed by Lord Rothschild.

He sees it as an essential weapon in his latest crusade - the renovation of town centres. Often schemes to clean up and prettify historic urban areas are frustrated by the fact that some properties are privately owned and cannot currently qualify for lottery cash. When the bill becomes an act, the fund, working in partnership with English Heritage, can plan a blanket transformation of decaying street scenes. The first town chosen for such gentrification is Pontefract.

Lord Rothschild has decided to improve the nation's heritage in stages, making a real impact in certain areas and then moving on. First in the queue was museums, which have already received £30m and will get even more by the spring as the 74 applications still in the pipeline are assessed.

Coming up soon are urban parks, those great Victorian institutions, now often looking woebegone around the hedges. This

week Alexandra Park in Hastings became the first beneficiary from this initiative, with a modest £7,200 grant, and before long the great parks of the north east - in Newcastle, Gateshead, and Sunderland - are in line to get money. After urban parks it will be the turn of town centres.

Lord Rothschild spent cautiously in his first year, and in eighteen months the fund has only handed over £300m - to 500 projects. It must have well over £100m in reserve, and more than £5m arriving each week. There will be no problem spending it. Although not so restricted as the Arts Council by the rule that lottery money must be dedicated to capital projects, Lord Rothschild is already examining ways to stretch his guidelines to help

ing the bonds. A heritage stabilisation scheme, which pays off debts on the lines of the Arts Council's wheeze to help its financially parlous clients, is being considered. Other Big Ideas, endowments, are seen as just too expensive - to solve just the British Museum's problems with a £10m annual endowment would consume two-thirds of the funds facing in a year.

But the Heritage Bill does enable the fund to support exhibitions. Lord Rothschild envisages financial help for museums coming from touring exhibitions financed by the fund, such as the Arthur Gilbert collection of gold and silver artefacts. The acquisition, for £13.5m, of this collection was one of the great coups of the year. As well as obtaining the finest collection of ornate trinkets amassed in recent years, the fund persuaded the government to clear a wing of Somerset House for its display. Before it settles there around Millennium time the objects will tour the UK, starting at the V & A's new silver galleries later this month.

When he became chairman of the Lottery Fund Lord Rothschild declared it his ambition not only to stop any major work of art leaving the UK, but also to bring back national treasures lost abroad. He succeeded in his second aim with the controversial retention of the Becket casket, which was saved, but at an extortionate price.

In stopping important objects leaving the UK he has also been successful with national collections keeping in the past such monumental objects as a major Serrat and the only confirmed Durer painting (the National Gallery); various Guerminos, Van Dycks, etc in Scotland; and the Chiswick tables for Chiswick House. The only major loss was a painting by Bartolomeo, "The Holy Family with the Infant St John", which went to the Getty because no British gallery could provide the £3.5m needed in partnership funding.

Such rescues play well to the heritage lobby but not the public. The buyer of lottery tickets may be better pleased that this week the fund gave more than £25m, its largest award to date, to secure and operate the 57 miles of the Kennet and Avon Canal, and £6.5m to convert the abandoned Waltham Abbey Royal Gunpowder Mills into a visitor attraction in Essex.

Like most lottery projects it takes ages between the grants being announced and the wonderful things materialising. But quite soon Sir Norman Foster's new aircraft museum at Duxford in Cambridgeshire will open, and, if good intentions are anything to go by, the feasibility studies announced this week to convert Trafalgar and Parliament Squares into pedestrian precincts should ensure that, by the Millennium, London at least may look a better place.

For Lord Rothschild he will contemplate his chickens roosting in retirement: he has no intention of extending his involvement at the fund beyond the spring of 1998.

Lord Rothschild: the bill 'lets us do anything under the sun'

Rothschild is seeking ways of loosening the spending bonds

solve the crises for the heritage lobby which have arisen despite the abundance of lottery cash.

The most obvious is the plight of museums, which can contemplate lavish new galleries and the latest information technology, but face devastating cuts in their annual revenue grants. One by one the great institutions are being forced to consider admission charges. Even the British Museum, once the greatest advocate of free public access, now has to choose between sacking staff or charging £5 entry. If encouraging people to visit the great museums is not the centre-piece of a national heritage policy it is hard to think what it could be.

Lord Rothschild wants to help, but his hands are still tied: if lottery money is used for revenue funding the Treasury will just cut the annual grants. He is, however, seeking ways of loosening

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Marjorie Yates (Linda) and Alun Armstrong (Willy) in 'Death of a Salesman'

Picture: Douglas H. Jeffery

Soapbox and sentiment

Alastair Macaulay reviews Arthur Miller's 'Death of a Salesman'

As Arthur Miller's 1949 *Death of a Salesman* proceeds along its glacier-like path it grows slower, heavier, more repetitious, more sentimental and more portentous. And the new National Theatre staging is the production it deserves.

It is more soapbox than play; and the rhetorical artificiality of its location is leaden. Linda Loman says of her husband Willy "Attention, attention must finally be paid to such a person." That, of course, has long been the play's most notorious line; but I had forgotten how she later says of him "He's only a little boat looking for a harbor." Willy himself speaks the same way: "You can't eat the orange and throw the peel away - a man is not a piece of fruit!"

Even the lobotomised could scarcely miss the points Miller is preaching. These include: even a man whose whole life is a sham and a failure deserves some

respect; salesmanship, bluster, the need to impress and to be liked, are immaterial; a life built on bogus salesmanship must self-destruct; parents shape children in bogus ways as well as good ways. ("Know thyself", in short.) But messages are not what drama is about.

Miller, in his concern to debunk dangerous male fantasies, is much more Ibsenist than Ibsen ever was. He gets much else from Ibsen, too. He tries to make the common man the subject of modern drama in the way that Ibsen made middle-class characters the centre of post-Romantic drama; and he tries to weld realism and symbolism and rhetoric all together. But *Death of a Salesman*, is obvious as Ibsen never was.

Phoney, too. I have never believed in a single family that Miller has put onstage; the Lomans may be his worst of all. Miller's efforts to wrong paths from them are innumerable. "Once in

my life I would like to own something outright before it's broken!" Then there is the ten-ton significance accorded to Biff's flunking of math and his discovery of his father's adultery; the way Miller keeps preparing us for this long before it is finally played out in flashback in sheer melodrama. The several scenes in which characters ask Tough Questions and/or announce Hard Truths ("Why must you be liked?" "We never told the truth in this house!") are Hollywood psychotherapy.

The director of this, as of *Broken Glass*, is David Thacker; he gets to stage about one Miller per year. Only in one respect is this production inferior to the play: the American accents, most of which sound just like those all over Radio 4. *Salesman* is really one prolonged mad scene, with Willy spitting between reality and fantasy or memory. Fran Thompson, designing the stage with revolving floors and no

walls and Willy's mistress on a hanging bed, makes the most of Miller's desire to make the locale look transparent. Rick Fisher has laid on expressionist lighting at footlight level for the more deliberately artificial scenes.

Alun Armstrong maximises the weakness and bluster of Willy; The big scenes between him and Mark Strong's Biff are cypher meeting cypher. Marjorie Yates is Linda, and Louise Jameson is "The Woman": both two-dimensional at best. I prefer Miller played with more speed; variety and realism than the writing; and Colin Stinton's Howard and Corey Johnson's Biff are along these lines. But the play, like Willy Loman, is a sham.

In National Theatre repertory at the Lyttelton Theatre, South Bank, London SE1, this year, next year touring to Newcastle, Edinburgh, Bath, and Nottingham.

Television / Christopher Dunkley

Barmy about the 'electric vision'

It was a Russian who had the idea of using a cathode ray tube (first seen in 1897) for "electric vision". A Scot gave the first public demonstration of television in 1926, though with a system that never caught on. Berlin had a regular public television service in 1935, but it used 180 lines ("low definition") and lasted only five months before the transmitter burned out.

So we can truthfully say that it was the BBC, operating from Alexandra Palace on a bill on the northern edge of London, which started the world's first regular high definition (405-line) television broadcasting service.

It began 60 years ago today, on 2 November 1936. Programmes were transmitted for two hours a day, six days a week, and only those living in south-east England could see them. You needed to be fairly well off, too, because the first television sets cost about £100 which, at that time, would buy a new car. On that day, after an official opening by the postmaster general, there was a bulletin of British

Movietone News, and then a variety programme featuring comedians Buck and Bubbles and the Lal Founs Chinese jugglers.

In 1937 the BBC organised its first major outside broadcast for the coronation of King George VI and the audience swelled to an unprecedented 50,000. This first television service lasted nearly three years, until the screens went blank on 1 September 1939, two days before war was declared. They stayed dark for seven years.

Tomorrow night, only 24 hours late, the BBC marks the anniversary with a two-hour awards programme in which little bronze statues or plaques are awarded for "Auntie's All Time Greats".

The idea was for "experts"

in and around television to cast their minds back across the corporation's entire output and produce shortlists of the greatest examples in various categories - situation

Watching The Box is an unashamed ragbag of anecdotes, clips...

comedy, male actor, drama serial and so on - throughout those six decades.

But the deciding vote would then come from the viewing public. We ransacked our cuttings. We massaged our memories. We phoned one another: "Every-

one will shortlist *The Forsyte Saga* and *The Six Wives Of Henry VIII*, why not *Don't Forget To Write* and *The Voyage Of Charles Darwin*?" We showered producer Beatrice Ballard with suggestions... but we need not have bothered. Watching the awards programme being pre-recorded at the BBC's west London Television Centre last Sunday, it quickly became apparent that, in almost every instance where

Radio / Martin Hoyle

Moral guardians

The words that linger after a week of becoming righteousness from politicians, mediafolk and ordinary people suddenly aware of moral issues with a zeal unparalleled since the Cromwellians came from Ian Paisley.

He was quoted by Oweo Dudley Edwards in the Radio 4 series *The Seven Deadly Virtues*. When reporters descended on him - well, approached, I suspect nobody could descend on Ian Paisley's eminence - with the ows of Bernardette Deville's imminent unmarried motherhood, the Protestant conscience of Ulster dispelled their *Schadenfreude* by barking at the assembled backs: "Let him who is without sin cast the first stone" - one of the most Christian remarks the good doctor, and indeed most of his adversaries, has ever made.

The same might go for last week's arbiters of ethics, from Colin Stagg's furious solicitor on *Mediumwave* launching into the equally sanctimonious press that had printed hitherto unpublished evidence on the murder of which Stagg was cleared, to those pundits of propriety and indices of integrity in *The News Quiz*. Like his television counterpart, in *Have I Got News for You*, Simon Hoggart has taken upon himself the role of national moral umpire.

Of course we are barmy about it.

piest way of eating fish? Bird's Eye Fish Fingers!" though for once nobody trots out the lie about watching *Dr Who* from between their fingers behind the sofa.

But the best moments are the most bizarre. Dr Alison Campbell, a seemingly normal and intelligent woman, admits to having been in love with Virgil, one of the wooden puppets in *The Sandlot*. Writer Pat Borthwick reveals that she was only able to admit her pregnancy to her parents after someone who looked like her was rushed to hospital, pregnant, in *Dr Kildare*.

Christine Spoccer, a retired actress, is asked "You don't hope to watch horror movies do you?" and responds slowly and seriously "Yes, I do," revealing that she stays up until three or four in the morning to do so.

The "funny" scenes in which Scottish islanders go to any extremes in their efforts to get a decent signal and a good picture look tediously contrived beside the casual, wholly outlandish and genuinely funny confessions of "ordinary viewers".

The secret, in all probability, is that many of us have a peculiarly intimate relationship with the warm box that delivers the world into our sitting rooms. You do not have to be all that old - 64, still below retirement age - to remember the coming of the very first television pictures, yet today the television set is probably the most influential object in the average home.

Of course we are barmy about it.

Where his persona was once that of the class bully, he is now the form smartypants, prone to fantasise a news item into a comic turn which leaves mere mortals not *au courant* about the event in the first place totally baffled. I am not interested in the ponderous pronouncements of stand-up comics, clapped-out journalists, or middle-aged clowns perpetually reliving their Footlights glory.

I wonder if the Victorians were such hypocrites after all. They had double standards but recognised them as such, an expedience that enabled them to have their cake of respectability and indulgently eat it too.

Sensational Women bodes well, a series on 19th century writers of "sensational" fiction which opened on Wednesday with Mary Bradon - whose *Lady Audley's Secret* has never been out of print since mid-Victorian times. Sarah Dunant presented with her heavy-breathing earnestness lumberingly sprinkled with BBC cultural demotic: "Bigamy? Big deal you may say. I might, but I do not. As ever, the author's private life proved to be rich in those episodes of unmarried domesticity that are disturbing our leaders over a century later. A good egg."

The end of the millennium seems alarmingly near. As Radio 3's *The Music Machine's* new series on

cacophony reminded us, we have only four years to get used to the music of this century - extraordinary how music has spiralled into an esoteric language, or laid gasps, to a greater extent than the other arts.

Nigel Cassidy also turned *Business* into a warning about the computer failure, threatened for January 1, 2000 when civilisation as we reluctantly know it is plunged into chaos. The irresponsible Luddite in me can't score far better to cheer *soot*.

An unusually lucid and civilised *Start the Week* - Bragg in benign form, interesting books plugged, none of the previous week's outraged pomposity about Guy Fawkes - raised something that increasingly troubles listeners. It was pointed out that some of the best academic historians of Britain are to be found in America. This ties up with the prevalence of transatlantic voices giving expert opinion on, even, say, English mediaeval life.

I know from my postbag, as does Radio 4's *Feedback*, that many listeners detect an increasing Americanisation on air, especially on Radio 4. Should we see it as a decline in native education? Incredibly, last week the *Woman's Hour* serial, *The Book of Bedtime* (thanks to Booker) and *The Late Book* were all British.

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

AUCTION Sotheby's Amsterdam Tel: 31-20-5502200
19th-century European and Indonesian paintings; included are works by Wouter Verschuur, Petrus van Schendel, Andreas Schelfhout, Adrianus Evertsen, Salomé Koff, Eugène Verboeckhoven, Henry Campaëtto, Henriëtte Ponner, Cornelis Vreedenburgh, Marius Baur, Jan Voerman, William Degouve de Nuncques, Juliette Wijnman, Adrien le Mayeur de Mèpriès, and others; 10.30am, 2pm & 7.30pm; Nov 5

ANTWERP

THEATRE Boursschouwburg Tel: 32-3-2319750
Glanjans/Glen Ross: by Marnet. Directed by Leo Maddex, performed by the Koninklijke Nederlandse Schouwburg (N.Dutch). The cast includes Chris Cauwenberghs, Hubert Damen, Geert de Smit and Herman Fabri; 8pm; Nov 9

BARCELONA

CONCERT Palau de la Música Catalana Tel: 34-9-2681000
The Nash Ensemble: perform works by Ravel, De Falla, Gerhard and Granados; 9pm; Nov 6

BERLIN

CONCERT Deutsche Oper Berlin Tel: 49-30-3439471
Opera Gala against AIDS: featuring the Orchester der Deutschen Oper Berlin with conductor Marcello Viotti and soloists Luca Aliberti, Montserrat Caballé, Peter Seiffert and Bernd Weikl. The programme includes works by Bellini, Puccini, Verdi, Giordano, Rossini, and others; 8pm; Nov 8

BRUSSELS

EXHIBITION Palais des Beaux-Arts Tel: 32-2-5073466
Karl Blossfeldt: exhibition of works by the German photographer Karl Blossfeldt (1865-1932), who is specially known for his detailed black-and-white photographs of flowers and plants. The display features approximately 200 original photographs; to Jan 5

CHICAGO

THEATRE Steppenwolf Studio Theatre Tel: 1-312-3351888
The Viewing Room: by Rubin. Directed by Anna D. Shapiro, performed by the Steppenwolf Studio Theatre. The cast includes Paul Adelstein, Heidi Mokry and Darryl Alan Reed; Wed - Fri 7.30pm, Sat 4.30pm & 8.30pm, Sun 2.30pm; to Nov 24 (Not Mon)

CLEVELAND

EXHIBITION Cleveland Museum of Art Tel: 1-216-421-7340
Photographs by Cindy Sherman: since 1975, Cindy Sherman has created "portraits" of herself dressed as invited characters, using varied poses, costumes, make-up, settings, and facial expressions to explore female identity. More recently, she has used prostheses to create her emotionally charged, sometimes disturbing compositions. The more than thirty photographs in this exhibition provide a concise survey of the career of this contemporary artist; to Nov 3

COLOGNE

CONCERT Sinfonia Philharmonica Tel: 9-221-2040820
Köln: Kundfunk-Sinfonie-Orchester: with conductor André Previn and violinist Kyung Wha Chung perform works by Brahms and R. Strauss; 8pm; Nov 8, 9

DENVER

EXHIBITION Denver Art Museum Tel: 303-640-2793
Boris Sipek: Atratic architecture and Design: the first S. showing of 50 works in glass, ceramics, metalwork, graphics and nature by one of the leaders of a Post-Modernist movement, oris Sipek; to Jan 12

DRESDEN

EXHIBITION KOKOSCHKA und Dresden: Exhibition focusing on the work created by the Austrian artist Josef Kokoschka (1886-1980) who lived in Dresden. He settled in this German town in 1916 and spent the Dresden Academy years 1919 and 1923. The display includes paintings, sculptures, drawings and prints; Kokoschka, his pupils and towers; to Dec 4

DUBLIN

CONCERT National Concert Hall - Ceoláras



European Miniatures in New York. The Metropolitan Museum of Art

Náisiúnta Tel: 353-1-6711888
National Symphony Orchestra of Ireland: with conductor Kasper de Roo and pianist Barry Douglas perform Beethoven's Overture to Fidelio, Piano Concerto No.1 and Symphony No.3 (Eroica); 8pm; Nov 8

FRANKFURT AM MAIN

CONCERT Alte Oper Tel: 49-69-7340400
Vladimir Ashkenazy, Pinchas Zukerman and Lynn Harrell: the pianist, violinist and cellist perform Schubert's Piano Trio in B flat major, D988 and Piano Trio in E flat major, D929; 8pm; Nov 6

GOTTENBURG

CONCERT Göteborgs Konserthus Tel: 46-31-7787800
Göteborgs Symfoniker: with conductor Leif Segerstam perform works by Dvorak, Janacek and Tchaikovsky; 7.30pm; Nov 7, 8 (6pm)

HAMBURG

CONCERT Musikhalle Hamburg Tel: 49-40-346920
Philharmonisches Staatsorchester: with conductor Gerd Albrecht, oboist Heinz Holliger and cellist David Geringas perform works by Schubert, Von Schweinitz, Holliger and Liszt; 11am; Nov 3, 4 (8pm)

HELSINKI

EXHIBITION The Museum of Foreign Art, Sinebrychoff Tel: 358-9-17336360
Homage to Holy Alexander of Svir, the Great Karelian Saint: exhibition of artwork on the subject of Holy Alexander of Svir, dating from the period between 1400 and 1800. The display includes icons, silk, gold, silver and pearl encrusted textiles as well as objects made of gold, silver and gemstones. The works come from the collection of the Russian Museum of St Petersburg; to Nov 25

HONG KONG

EXHIBITION Hong Kong Museum of Art Tel: 852-2224127
Contemporary Hong Kong Art Biennial 1996: the Contemporary Hong Kong Art Biennial is a major open art competition presented by the Urban Council every two years with the aim to stimulate general awareness of and interest in art in Hong Kong. This exhibition features 100 works, in particular, works by the Urban Council Fine Arts Winners selected this year from over 1,000 entries for the Chinese painting, calligraphy, painting, print, sculpture, ceramics, photographs and mixed media; to Nov 3

HUMLEBAEK

EXHIBITION Louisiana Museum of Modern Art Tel: 45-42 19 07 19
Picasso and the Mediterranean: the mythology and visual art of antiquity were a pivotal point of Picasso's art. This exhibition visualizes the link between his work and the classical art of cultures that sprang up and flourished in the Mediterranean region. Comprising approximately 150 works by Picasso, dating from 1906-1960, the exhibition includes paintings, sculptures, graphic works and ceramics. The classical part of the exhibition features

Toulouse-Lautrec (from Albi and other collections): exhibition of 55 works by the French painter Henri de Toulouse-Lautrec (1864-1901), 27 of which come from the collection of the Toulouse-Lautrec Museum in Albi, the birthplace of the artist. Included in the exhibition are 40 paintings and 15 lithographs; to Feb 23

MUNICH

CONCERT Gastelg Tel: 49-89-48088506
Yves Savary, Barbara Burgdorf and Siegfried Mauser: the cellist, violinist and pianist perform works by Beethoven, Schubert and Soletto; 8pm; Nov 5

KUNSTHALLE DER HYPO-KULTURSTIFTUNG

EXHIBITION Sudan - Antike Königreiche am Nil: exhibition focusing on the history and culture of Sudan, the southern neighbour of Egypt, in the antiquity. The objects on display span more than 5,000 years of Nubian-Sudaneese culture; to Jan 8

NEW YORK

CONCERT Avery Fisher Hall Tel: 1-212-875-5030
Wiener Symphoniker: with conductor Rafael Frühbeck de Burgos and pianist Rudolf Buchbinder perform works by Mozart and Beethoven; 8pm; Nov 3

INDIANAPOLIS

EXHIBITION Indianapolis Museum of Art Tel: 1-317-923-1331
Egypt in Africa: more than 80 art objects and artifacts are included in this exhibition exploring the African nature of ancient Egypt. Relationships that are explored include the use of headrests and masks, the manner in which works of art portray humans, the symbolism of animals, ancestor worship and divine kingship, tattooing and scarification, and mother and child figures; to Nov 24

LONDON

CONCERT Queen Elizabeth Hall Tel: 44-171-9210600
Peter Jablonski: the pianist performs works by Liszt, Prokofiev, Debussy and Copland/Bernstein; 7.45pm; Nov 6

EXHIBITION Royal Academy of Arts Tel: 44-171-4937438
From Mantegna to Picasso: this exhibition includes one hundred drawings from the Thaw Collection at The Pierpont Morgan Library, New York which contains outstanding drawings by Rubens, Canaletto, Goya, Matisse and Picasso. Well represented in the collection are Mr Thaw's favourite schools, the 16th and 18th century Italian and 18th and 19th century French, and artists he particularly admires, including Rembrandt, Watteau, Delacroix, Degas and Cézanne; from Nov 8 to Jan 19 Tate Gallery Tel: 44-171-8878000
The Grand Tour: The Lure of Italy in the 18th Century: for many centuries Italy has enjoyed a reputation as the home of the greatest art and architecture. In the 18th century especially, artists and writers, royalty and nobility travelled there to absorb the atmosphere of antique ruins and to seek inspiration from Renaissance paintings. This exhibition investigates their journey and shows paintings and sculpture, drawings and prints from international collections; to Jan 5 Victoria & Albert Museum Tel: 44-171-9888300
The Spirit of the Staircase: 100 Years of Print Publishing at the Royal College of Art 1896-1996: In 1896, Queen Victoria granted the Royal College of Art its present title. This display celebrates not only the centenary of this title, but also the long standing relationship between the College and the Museum; from Nov 7 to Mar 30

JAZZ & BLUES

Alice Tully Hall Tel: 1-212-875-5050
Dario Pérez & Wynton Marsalis: performance by the pianist and the trumpeter, also featuring saxophonist Mario Rivera, percussionists Milton Cardona and Pernell Saturnino, double-bass player Avishai Cohen, drummer Jeff Baler and the Chico O'Farrill Big Band. The programme includes works by Morton, Pozo and Gillespie; 11pm & 1pm; Nov 9

OPERA

Metropolitan Opera House Tel: 1-212-362-6000
L'Elisir d'Amore: by Donizetti. Conducted by Carlo Rizzi, performed by the Metropolitan Opera. Soloists include Bonney, Alagne (Nov 6), Keenlyside and Plishka; 8pm; Nov 8, 9 (1.30pm)

PARIS

CONCERT Théâtre des Champs-Élysées Tel: 33-1 48 52 50 50
Orchestre Philharmonique de Radio France: with conductor Marek Janowski and double bass-player Serguei Aleksashkin perform works by Mendelssohn and Shostakovich; 8.30pm; Nov 8

EXHIBITION

Galerías Nacionales du Grand Palais Tel: 33-1 44 13 17 17
Picasso et la portrait: exhibition surveying the portrait work of Pablo Picasso (1881-1973). Beginning with early studies from the artist's years in Barcelona, the exhibition moves through Picasso's life via intimate portrayals of his family, lovers and friends, including his childhood friend and later secretary Jaime Sabartés, the poet Max Jacob, Picasso's first great love Fernande Olivier, Olga Picasso, the artist's wife in the 1920s, and his last wife, Jacqueline. The display comprises 150 works, including paintings, drawings and prints. The exhibition was previously shown at the Museum of Modern Art in New York; to Jan 20

ROME

EXHIBITION Museo Nazionale del Palazzo Venezia Tel: 39-6-6789865
Domenichino 1581-1641: retrospective exhibition devoted to the work of the Bolognese painter, pupil and assistant of the Carracci, who worked in Rome and became the leading exponent of the Bolognese school there;

to Jan 14

ROTTERDAM

EXHIBITION Museum Boijmans-van Beuningen Tel: 31-10-4419400
The Van Dongen nobody knows - Early and Fauvist drawings 1895-1912: exhibition featuring more than 100 early works on paper and paintings by the Dutch artist Kees van Dongen (1877-1968); from Nov 2 to Jan 5

SHANGHAI

EXHIBITION Shanghai Museum Tel: 86-21-63724004
From Zurbaran to Picasso. Masterpieces from the Collection of Carmen Thyssen-Bornemisza: exhibition featuring around 60 paintings from Baroness Carmen Thyssen-Bornemisza's collection. The main focus of the exhibition is on works from the mid-18th to the early 20th centuries, emphasizing the Baroness's own collecting priorities at the present time. Included are works by Zurbaran, Canaletto, Gauguin, Pissarro, Sisley, Monet, Picasso, Heckel, Kandinsky and others; to Dec 14

ST. PETERSBURG

EXHIBITION The State Hermitage Museum Tel: 7-812-3113601
Western European Applied Art of the 16th-18th Centuries: this exhibition of works from the museum's collection includes approximately 100 objects of western European applied art of the 16th to the 18th century. The exhibition is organized on the occasion of the 100th anniversary of the founding of the Baron Stieglitz Museum, which was a branch of the State Hermitage Museum for many years after the revolution of 1917; to Mar 1997

STUTTGART

EXHIBITION Staatsgalerie Stuttgart Tel: 49-711-2124050
Das Vierlande Paradies: this exhibition focuses on the work of the German painter Johann Heinrich Füssli and the influence of John Milton's book "Paradise Lost", which was a main source of inspiration for Füssli throughout his entire career. At the centre of the exhibition is Füssli's painting "Saturn, von flurhulles Speer berührt" (1779); to Jan 19

TEL AVIV

CONCERT Frederic Mann Auditorium Tel: 972-3-5289163
Israel Philharmonic Orchestra: with conductor Wolfgang Sawallisch perform works by Haydn, R. Strauss and Schubert; 8.30pm; Nov 3, 4, 6

TOKYO

CONCERT Suntory Hall Tel: 81-3-35849999
Evgeny Kissin: the pianist performs works by Beethoven, Schubert and Chopin; 7pm; Nov 5

VALENCIA

DANCE Palau de la Música i Congressos Tel: 34-9-3375020
Ballet Espagñol de Julia Greco: perform Julia Greco's Emociones Flamencas. Part of the fourth Festival Flamenco de Valencia; 8.15pm; Nov 5

VIENNA

EXHIBITION Kunsthofener der Bank Austria Tel: 43-1-5320644
Degas-Cézanne-Picasso. Meisterwerke aus Schweizer Privatbesitz: exhibition featuring paintings from the collection of Rolf and Margit Weinberg. This Swiss private collection focuses mainly on 19th and 20th-century works, but also holds some important works from the 16th through the 18th century. Artists featured in the exhibition include Goya, Courbet, Daumier, Toulouse-Lautrec, Redon, Seurat, Degas, Picasso, Cézanne, Munch, Schiele, Hodler, Jawlensky, Matisse, Corinth, Beckmann, Léger, Schlemmer, Kandinsky, Mondrian, Van Dossburg and Lissitzky; to Dec 8

WASHINGTON

EXHIBITION Arthur M. Sackler Gallery Tel: 1-202-357-2700
Art of the Persian Courts: this exhibition includes nearly 100 paintings, manuscripts, drawings, works of calligraphy and objects showing some of the literary and pictorial traditions supported by the Persian courts and highlights the influence of Persian culture across the Islamic world including present-day Iraq, Iran, India and Central Asia, from the 14th to 19th centuries; from Nov 3 to May 4

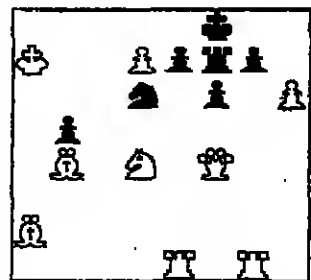
OPERA

Opera House Tel: 1-202-416-4800
Il Guarany: by Gomes. Conducted by John Neachling, performed by the Washington Opera. Soloists include Plácido Domingo, Verdónica Villarroel, Carlos Alvarez, Hao Jiang Tian, William Joyner, Boris Martinovic and Daniel Sornay; 7pm; Nov 9

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CHESS

Anatoly Karpov has at last failed in a tournament. The Fide world champion has collected a record 140 first prizes and many more high placings, but he never got going at Tilburg last week and finished with only 50 per cent. Judit Polgar is also in a bad patch. The No.1 woman player lost in the final round of the Erevan Olympiad, and finished last at Tilburg. Meanwhile, Britain's Michael Adams turned in another solid performance, impressing as usual in the late stages of both the tournament and individual games. Here, Black's QN and QB both retreat to base before re-emerging to effect (Sutovsky v Adams).



White mates in two moves, against any defence (by D. Bonner, 1960). This looks easy, but decades of solvers have voted it among the "trappiest" two-movers ever created. Solution, Page 11

Leonard Barden

BRIDGE

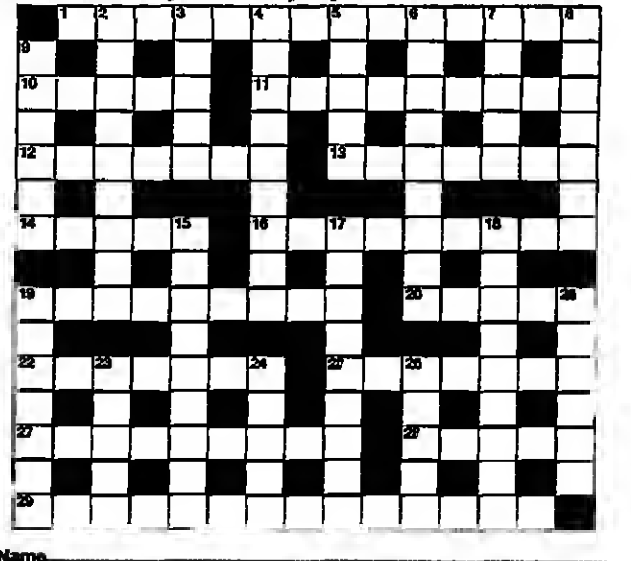
The British Ladies reached the quarter-finals of the World Bridge Olympiad after a superb comeback in the qualifying stages. In their quarter-final against Austria, the Ladies once again started poorly but, this time, were unable to make up lost ground. In their round-robin match against Sweden, Pat Davies and Nicola Smith, for Great Britain, made a winning decision on this hand.

With North-South vulnerable, both Wests opened a weak 2H, showing a good

Paul Mendelson

CROSSWORD

No. 9,215 Set by CINCINNUS
A prize of a classic Feltan Souverain fountain pen for the first correct solution opened and five runner-up prizes of £35 Feltan Crossword Solutions by Wednesday November 13, marked Crossword 9,215 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 1NL. Solution on Saturday November 16. Please allow 28 days for delivery of prizes.



ACROSS
1 Appreciates ill wind as celestial phenomenon (7,7)
10 A graduate goes after a letter from Greece - it has four sides (5)
11 Savoury cakes of game preceding the fill (9)
12 Venerable film star, Diana Sellers (7)
13 A piece of writing the editor attempted (7)
14 Tool for making holes in stout cloth (6)
16 Recovered from camel ride? (9)
19 Sign of a clergyman taking tea (6,6)
20 Items Les dropped off in lorry (5)
22 Aimless, aimless girl (7)
25 Stripped of, possibly retreating, resort to dental (7)
27 Independent republic created by Romanians (8,6)
28 What Britain had on the death of George VI - it's not so old (5)
29 Princess, eye-pleasing but not sensible (8,6)
DOWN
2 In abundance, doing e bun (5)
3 Bill, in America, loves Prohibition (5)
4 Northern church with exterior of stars inherited from forbes (9)
5 Call forth a woman who's all right inside (6)
6 A state, see one in American - one with an American capital (9)
7 Eccentric receptacle (5)
8 Corrected printers' measure gets stopped (7)
9 Penny did not stay at home to be put to the test (6)
15 Be quick to make appearance with instrument (4,5)
17 Grooming aid consisting of Indian meal and honey cells (9)
18 The worm turns - it shows common sense (8,3)
19 An American lawyer conceals materials (7)
21 Leader of Cuba, a revolutionary sort (9)
22 The first name of Percival Pierce? (6)
24 Neil Armstrong - first to return from another world (5)
26 Some feudal assassin in Japan (5)

Solution 9,214
SOLUTION 9,203
WINNERS 9,208: G. M. Holmes, Tunbridge Wells; Kent S. Beale, Tenterden; Kent Mrs B. Fenton, Gristhorpe, Fley, N. York; M.E. Gill, Cobham, Surrey; J.B. Hervey, Ayr, Ayrshire; J.S. Hopkinson, Wells, Somerset.



James Morgan

Democracy – and the art of rigging it

Romanians face substantial fraud and a choice of 16 presidential candidates – but they are determined to vote

The victory of democracy in the global ideological battle has meant that there are far too many elections. There are nearly 200 countries in the world and a huge proportion of them vote every three to five years. Some hold presidential and legislative elections, then there are local and regional and even supra-national elections, as in Europe. Thus in the past two weeks we have had Japan and Nicaragua, Albania and Bulgaria. This weekend it's Romania and Yugoslavia. On Tuesday somewhere in North America.

This is taking its toll of the news agenda. Have you noticed how world news pages and bulletins are now dominated by body counts and head counts? It is Romania that highlights the need for specialist election correspondents, for people who understand how there can be more presidential candidates than political parties. There are 16 and they all met on television last Thursday evening. Then we need experts who can distinguish between fraud and ballot-rigging. This demands some explanation. In the Bucharest press there is

a lot of good-natured speculation on the extent of fraud we shall see in Sunday's poll. *Evenimentul Zilei* alleged that the ruling Party of Social Democracy, and its candidate, Ion Iliescu, were preparing something "even bigger than that of 1946". That is quite breathtaking: the Romanian Communist Party came to power in the 1946 election in a country which contained about a dozen communists. This is reckoned to be a contender for the greatest electoral swindle of all time. And here we see how fraud is different from ballot-rigging. The

Communist party did not win elections in the old Soviet Union thanks to fraud. The official results really did reflect the way the votes were cast. Everybody voted for the one candidate by putting their cross against the name of the party candidate in public, as honest citizens should. This is quintessential ballot-rigging. There was no need to stuff the boxes with papers filled in by loyal members of the ruling party. There was no need to "lose" boxes from polling stations in opposition districts. The essence of electoral fraud is that

the number of votes polled is distorted. This lengthy account may seem designed to make a distinction without a difference but it is hugely important. The last election in the old East Germany, six months before the wall came down, was subject to fraud. By 1989 people were held enough not to vote for official candidates but this was concealed. When Germany was re-united some politicians were charged with electoral fraud by the new authorities. Had they merely forced everybody to vote Communist at gunpoint there would

have been no case against them. In Romania "1946" resonates far more than any of the rigged elections of the next 40 years. Electoral fraud means the true winners can be robbed of the fruits of victory. So today, said the daily *Dimineața*, the opposition is on its guard. The paper offered this careful explanation: "The fear of the opposition that it might lose the election is more and more obvious and so is its wish to falsify, for its own benefit, the outcome of the vote." It is not often that one sees the facts of electoral life so clearly spelt

Both sides are said to be preparing a substantial fraud and are accusing each other of doing just that. The same edition of *Dimineața* ran the headline of the week: "The thieves shout about 'The thieves'." The tension is such that more and more people are determined to vote: the turn-out is expected to be well over 80 per cent. In other words, about twice as many as will vote next Tuesday in a country that sees itself as an, if not *the*, exemplary democracy. James Morgan is BBC World Service economics correspondent

Private View

The bleak vision of a consumer society

Nigel Spivey talks to Edward Bond and finds he has stuck to his old ground

We were talking about truth. The paramount virtue of telling the truth; truth's legion enemies in the world. Edward Bond chose this juncture to reverse the flow of interrogation. "Why," he asked, "did you want to interview me?" His pitch was querulous. I wrung my hands. Bond's tolerance level of flatterers I had already gauged as minimal. To have given the reason that he was a great playwright would not have pleased him. Too gushy. "Well, I guess I thought you would be good copy." "Good copy? Good copy?" He more than exclaimed this. It came as a sort of strangled scream. Now you have blown it, I thought. This is where he orders you out and tells you to take that spaniel photographer with you. But his florid features relaxed.

"Is that what I add up to now?" he laughed. It is not easy to make him yield laughter. But to a writer with direct experience of censorship in his own country, there may be a galling amusement in being sought out as a talking head. I hastened to gloss the phrase "good copy" as a compliment, and progressed to my next blunder. His play *In the Company of Men*, which opened last week at the Barbican in London, is set in the world of corporate raiding and boardroom manoeuvres. And it portrays the entrepreneur as a barbaric type. From reading the script, I

said it seemed a desperately bleak play. "Rubbish. It isn't. Is Macbeth a bleak play?" replied Bond. Before I could say "yes", he returned to his homily on truth. "The most honest man in Macbeth is a monster. That's redeeming enough. In my play, all that one character demands is that people be honest with him." "And he dies. On stage, violently," I muttered. Bond shook his head impatiently, fustily. "I don't write plays to cure," he said. "This notion of catharsis in a tragedy is all wrong. You can't evacuate your mind like your bowels. I simply describe our condition as I see it, and try to make people understand the nature of their wounds. If you're not interested in wounds, you're not interested in justice. And justice is not administration, or law and order, or the imposition of violence." The play was written in the heyday of Thatcherism, and projects in time 40 or 50 years ahead. The main anguish of the elder businessmen involved is whether there is more profit in foodstuffs or weapons. I asked Bond how he had researched his characters here. "I read their autobiographies. Businessmen's autobiographies are a special category of literature for people who wish to die of boredom. They are *infinitely boring*." "What had he learned from this ordeal, then?" "That businessmen are not satisfied by money. They want power. And our society is full of people with power and prestige who hate us.



Edward Bond, the rejected guest, has returned to British theatre promising that Utopia will be a place with wounds

That's very dangerous. We have to learn to read the signs of that hatred." Would the play make a company director squirm in his seat? "How can I say? It's not my job to judge people. Some people may be better for having seen the play, some worse. The play asks people to confront themselves. That could be bad news for some." He denies being a moralist because he goes into a burning house and rescues somebody? He demanded. He says he only describes. But he slips easily into a prescriptive mode, and angrily so. In his off-stage Barbican den, Bond expounded as passionately as he does in the paces and appendices to his plays. "Only fools say that the market is the end of history. What's happened in the last half century is that we've

lost the desire for Utopia. We only want to consume. I don't want to go back to digging with wooden spades. But I see our condition deteriorating. Utopia was always a communal effort. Consumerism betrays the community." I reminded him that he once said he wrote as naturally about violence as Jane Austen wrote about manners. Since his Royal Court days – babies stoned in prams on stage, run-ins with the Lord Chamberlain – Hol-

lywood has surely out-Bonded Bond in the graphic depiction of violence? "Oh, of course capitalism has made a commodity out of violence. But now what's terrible is that we're more violent, and yet more sentimental too. That's the Enlightenment in danger. I have no idea where the next Auschwitz, the next Hiroshima, will happen. But I know it will happen." Hankering for more of his embittered laughter, I tried a really absurd question. Had he become remotely religious? He turned mildly apologetic. "Of course I'm not religious. The idea is an obscenity. An obscenity. Children get shot at Drumblane and the next day someone in a cathedral is telling us that God loved them. That's almost worse than shooting them." Bond spluttered, his cheeks reddening again. "It's so cor-

rupting, an absolutely disgraceful swindle." More calmly: "God is a fiction we should have discarded ages ago. We keep the church not for God's sake, but the Devil's. The Devil gives us a way of explaining evil. But I believe that no one acts out of a bad motive, unless you count fear. I believe it's biologically impossible." So how can there be guilt? "We just make stories to declare our innocence. And some of those stories are fraudulent. All stories are to do with wounds." He went on. "Vulnerability, mortality, limitations. To be alive is a wounding experience. The last word of my first play, *The Pope's Wedding* 1962, was 'help'. I write because I have to. When people scratched the walls of the gas chambers with their fingernails, that was literature."

So British theatre's rejected guest is back. And he has stuck to his ground: the mindful violence of the human race. As I left him to the torture of having his photograph taken, I tried to jolly him along by telling him what a warmly communal spirit the theatre – this precise theatre – could engender: people chatting and smiling on the Tube afterwards. He shook his head: "Is that good? Better than being hit on the head? How do you know? Utopia will not be a place without wounds." In the *Company of Men* runs at the RSC until December 10.

Peter Aspden

Homer, homeopathy – and Mengele



An obstreperous 10-year-old causes a school to be closed indefinitely. A highly wrought national debate on the morality of weapons is sparked off by the murder of a head teacher outside his school gates. Parents pore over league tables and consider moving house for the sake of their children's schooling. Britain's education debate is being conducted in an atmosphere of crisis. The panic is not confined to schools. A more prosaic discussion is being conducted over the future of higher education. The traditional British model of a tight, regulated three-year degree course is under unprecedented threat. It is deemed irrelevant to the needs of a mobile, transferable-skilled economy.

Envious eyes are being cast on the American system of flexible, more varied educational menus, which open up more opportunities to a wider base of the population. There is the feeling that Britain has some catching up to do. But at the heart of all these questions lies a more fundamental issue: what is education for? There are two answers to this, which are often hurred. One is that we educate our young so that they can contribute to society – we provide them with skills, talents, aptitudes, like casino chips. Of course, it is largely up to governments to decide what kind of society that should be (or indeed, *pace* Mrs Thatcher's famous remark, whether a "society" exists at all). So they might devote more chips to prospective engineers than to philosophers; a new bridge is seldom as much trouble as a stropky metaphysician, after all. But education here is

judged in terms of national need. Running parallel to this requirement is the second function of education: to make good citizens of us all. Schools and universities have replaced religion and, in some countries, the family, as conveyors of shared values. This is why Shakespeare is taught in British schools despite one's suspicion that it flies far, far above the heads of most schoolchildren. The ideal educational experience is one which combines the utilitarian and moral functions. They are, nevertheless, distinct from one another. What is worrying is that both models are now clearly defunct. First, the provision of skills: the idea that you can prescribe a mix of talents and qualifications to provide a winning formula for the country flies in the face of recent orthodoxy. In an age in which centrally planned economies have

been discredited, in which individual flair and entrepreneurship is championed above all else, in which the ability to be creative and flexible matters most of all, how can one turn around and talk of firm vocations and precise numbers? Talk to any personnel officer and you will hear that they are looking for bright, dynamic graduates who can adapt, learn on the spot, think for themselves. Talk to any management guru and the buzzwords are change, improvisation, reinvention. Our heroes are those who inspire and innovate, very often in spite of (or is it because of) a lack of formal training. The world, we keep hearing, is a bracing, ever-changing place. It requires an unpredictably eclectic mix of abilities. The only core competences that are really required are clear expression and numeracy. These are, or should be, easily taught. Beyond that,

does it matter if you study Homer or homeopathy? But the bigger crisis in education strikes at the more fundamental belief that it is morally good for you. This was the very basis of Britain's traditional classical education: that if you were steeped in the glories of ancient civilisation, it would make you wiser, more just, more sensitive to the delicate nuances of the human condition. It is still the premise of studying any of the humanities that they do indeed humanise. This is now more doubtful than ever, as I was sharply reminded when watching a moving BBC documentary last week on the life of Auschwitz survivor Anita Lasker. Lasker's life was, in effect, saved when she was being shaved, that she played the cello. She became a much-prized member of the concentration camp orchestra. One evening she was summoned to play

Schumann for Josef Mengele, the notorious doctor who performed hideous medical experiments on his prisoners. Mengele, like many Nazi officers, adored the music and art of Germany. He was an educated man. But he could see no connection between its indelible beauty and the baseness of his actions. He had days at the office followed by evenings of culture, but could not – would not – understand how the two related to each other. In the US, the civilising influence of studying so-called "Dead White European Males" is at the heart of the education debate. The stakes are high. We want to believe that to educate is to civilise. But if that link between knowledge, culture, good breeding and ordinary human decency is shown to be unsteady, the resulting crisis of confidence will put those more parochial headlines in the shade.

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WEEKEND INVESTOR

Last week's preliminary results

Table with columns: Company, Sector, Date, Price, Profit, Dividend, etc. Lists various companies and their financial performance for the week.

Last week's interim results

Table with columns: Company, Sector, Date, Price, Profit, Dividend, etc. Lists companies with interim financial results.

Results due next week

Table with columns: Company, Sector, Date, Price, Profit, Dividend, etc. Lists companies with results due next week.

Figures in parentheses are for the corresponding period. Dividends are shown net of tax per share, except where otherwise indicated. Last 3 months' values per share, 3 last years and period, 3 9-month figures, 3 9-month figures, 3 US dollars and cents, 3 Previous year and figure, 3 Comparatives for 12 months to June 1995, 3 Net profit.

Takeover bids and mergers

Table listing takeover bids and mergers with columns: Bidder, Target, Bid Price, etc.

Bids/deals

The £766m hostile bid by US power producer CalEnergy for Northern Electric, which supplies the north-east of England, was by far the highest-profile bid of the week. But there was no shortage of activity elsewhere, writes Marko Rich.

In the Pink

Smart fund managers and dumb decisions

They might be well-educated and intelligent - but they still occasionally make irrational choices, argues Bruce Clark

Fund managers are a well-educated group. An increasing number have MBA degrees and PhDs are not uncommon, either. These professionals are competitive and motivated to succeed by outperforming their peers and pushing their funds towards the top of the league tables.

Between 1986 and 1995, the Vanguard S&P 500 index fund outperformed 78 per cent of US equity funds, according to Lipper Analytical Services. Similarly, the Garmore UK Index unit trust has been in the top 10 UK growth and income funds over the past three years.

Yet performance analysis shows that "traditional" active managers often make dumb choices and, as a result, the average manager lags behind the benchmark index in most years.

Why are these results so poor? Not because managers are lacking intelligence but because, like most individuals, they are less rational and objective than they could be.

If you want to beat the index, take advantage of others' dumb decisions. Real investment success comes from studying examples of irrational behaviour.

According to the theory of efficient markets, fund managers are clever, hard-working profit maximisers who react quickly to new information and know everything there is to know about a competitive environment.

Why are these results so poor? Not because managers are lacking intelligence but because, like most individuals, they are less rational and objective than they could be.

People are not always efficient, calculating profit maximisers. Sometimes they just want to get out of the cold, even if that does mean missing opportunities.

Does this imply that investors should stick to the efficient markets' theory, buying index funds and ignoring active managers? The arguments in favour of indexation are certainly strong.

New issues

The 125p-a-share flotation of Scottish Highland Hotels was subscribed more than twice this week, enabling the group easily to achieve its market capitalisation of £30.4m, writes Christopher Fris.

Charterhouse Tilney Securities. Pre-tax profits for the year to June 30, 1996, were £1.95m (£1.1m) on sales of £11.5m (£8.6m).

Directors' share dealings

Table listing directors' share dealings with columns: Company, Director, Shares, Value, etc.

Boxers International

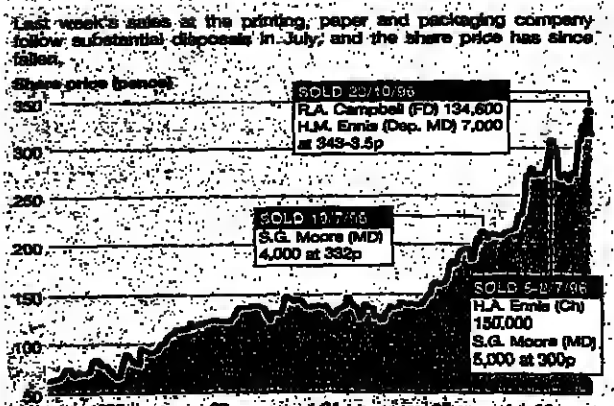


Table listing companies and their share prices, including Boxers International, Legal & General, Liberty, etc.

Advertisement for C&G Channel Islands Limited, featuring interest rates of 6.40%, 6.15%, and 5.90% gross p.a. on various investment amounts.

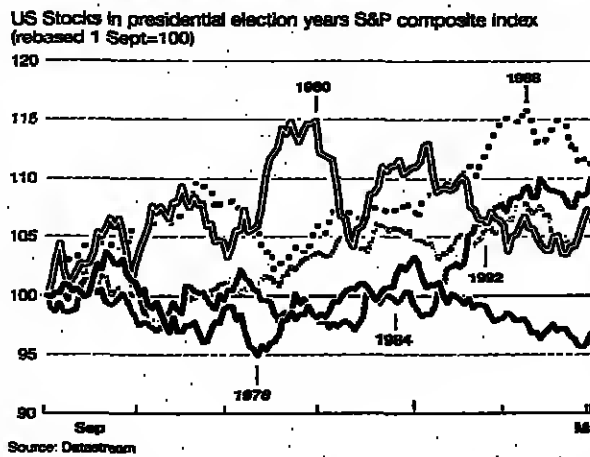
Weekend Investor

Wall Street Political battles leave investors cold

John Authers assesses the mood as election day approaches for Americans

There is only one more day for share trading before the presidential election. That now seems certain to see a Democrat re-elected to a second term for the first time in 60 years.

So do the markets care about politics?



one direction or another every day, falling back through the milestone on Monday and Wednesday.

Information on corporate earnings has affected this, but the results season is drawing to a close and there were no significant surprises this week. Traders also were awaiting the welter of economic information published yesterday which led to broad fluctuations in morning trading.

Prudential Securities' Greg Smith predicts a "relief rally" in the stock, and possibly the bond, markets if the Republicans hold on in the House. But what are the longer term implications for the markets of the electoral cycle?

The general wisdom has it that the market tends to perform better in the year immediately before an election than it does in years immediately after it. This can be explained easily.

Politicians worldwide are more likely to increase government spending and cut base rates in the year before they face the electorate. They are happiest about raising base rates or taxes when they know an election is more distant.

In 1981, the first year of the Reagan presidency, the total return on the Standard & Poor's 500 was only 0.19 per cent. It had rallied 32.67 per cent the previous year, partly in anticipation of his victory.

Could this phenomenon now help to trigger the overdue correction in the US stock market, which continues to look overvalued by

many conventional measures? Judging by past performance, it seems unlikely. In the past two electoral cycles, the S&P fared worst in the second year, not the first.

It gained only 3.83 per cent in 1984, the second year of Clinton, and fell 7.49 per cent in 1990, the second year of Bush. By contrast the markets greeted the incoming president Bush in 1989 with a rally of 25.31 per cent, while stocks rose 14.93 per cent in 1993 as Clinton took over the reins.

The chart, which shows the S&P 500 over the six months following Labor Day in each of the past five presidential election years, suggests the lessons from history are not as clear-cut as market mythology might suggest. Squint and you will see that, in all of those years, stocks made a brief rally in the week before the election to be followed by a short sharp sell-off.

But, four months after the election, with the president in place and his legislative agenda announced in the State of the Union address, the S&P has been comfortably ahead of its position on Labor Day. No matter how much they try to take credit for it, perhaps this just shows that politicians do not have that much impact on the economy.

Dow Jones Ind Average

Monday	5672.73	-34.29
Tuesday	6007.02	+34.29
Wednesday	5993.23	-13.79
Thursday	6029.38	+36.15
Friday		

London Gratitude? Not on your life

Cynics slate the UK chancellor's rate rise, says Philip Coggan

Sit down. Have a cup of tea. I have some news that may shock you. A politician did a responsible thing this week.

The quarter of a percentage point increase in base rates sanctioned by Kenneth Clarke, the chancellor, is unlikely to win him any votes. Some economists may also disagree with the logic behind the move, pointing to the sluggish state of the manufacturing sector. But, to those with memories of the UK economy's previous boom and bust phases, it is likely to be welcome news.

However it is defined, the elusive "feelgood" factor is returning. House prices are rising, retail sales are robust, money supply growth is outside its target range and consumer credit is strong.

In the circumstances, it was not surprising that Eddie George, governor of

the Bank of England, was arguing for a rate rise. But few expected the chancellor to give way. A Reuters poll of 20 economists early this week found 19 expecting rates to be unchanged.

So why did the equity market react so badly to his move, which seemed to signal a determination to combat inflation? The FTSE 100 index fell nearly 30 points on the day of the announcement.

Tim Brown, strategist at UBS, was a bit surprised by this. "The signs are that Clarke wants to be seen as the prudent man," he said. "The risks for the market have got to be less now than they were before. A small touch on the rates tiller now is better than a sharp wrench later on. But the market had been looking a little tired."

Politicians being politicians, though, many analysts were taking a more cynical view. Richard Kers-

ley, UK equity strategist at Barclays de Zoete Wedd, said the markets had previously been assuming the chancellor would deliver a cautious Budget so he could hold the line against a rate rise.

"Now the concern is that raising rates will mean a giveaway Budget, which will hit gifts, or that the chancellor could try to cut personal tax at the expense of the corporate sector, which will hit equities," Kersley said.

Then, too, there is the long-held axiom that rising interest rates are not good for the stock market: corporate borrowing costs increase, demand normally slows as consumers get squeezed, and the relative attractiveness of holding cash relative to owning shares increases. The arguments are plausible; the statistics ram them home.

Since March 1979, base rates have risen and fallen in 24 separate phases (not exactly an indicator of stable



'A touch on the tiller now is better than a wrench later'

monetary policy). In the down phases - measured from the date of the last increase to the date of the last cut - the FTSE All-Share index has risen by an average of 21.1 per cent. In the previous up phases - measured from the date of the last cut to the date of the last increase - the All-Share has dropped by an average of 0.1 per cent.

On this basis, a new up phase began in June when the last cut in base rates was made. It might seem odd to start the phase from the date of a rate cut, but markets are forever looking ahead and startling futures have been pointing to an upward move in rates for some time.

Much depends, of course, on how far rates move in the present cycle. There is a lot of difference between a percentage point increase, spread over 18 months, and the doubling of rates the UK experienced late in the 1980s.

There is some good news for bulls in the graph, which shows the gap between base rates and the dividend yield on the All-Share since the start of 1974. The gap was more than 10 percentage points in 1980 and 1990, but now it is just over two points. The average gap over the period was 5.6 points. In short, shares do not look expensive relative to cash.

Nevertheless, the market was starting to wobble even before the rate increase, having achieved most people's best hope for the year and passed 4,000. Stock market historian David Schwartz points out that the last quarter of October has often been

one of the worst periods of the year for the UK market. Furthermore, he says that the Copdock indicator - a barometer of market sentiment which will be familiar to regular readers of this column - turned down with respect to the FTSE All-Share at the end of May. Normally, when the indicator heads lower, the market peaks within four months.

Of course, the UK market is partly at the mercy of international factors. Yesterday's US non-farm payroll figures showed little sign of wage inflation, and the third-quarter gross domestic product indicated a slowdown in the US economy; few believe the Federal Reserve will raise rates soon.

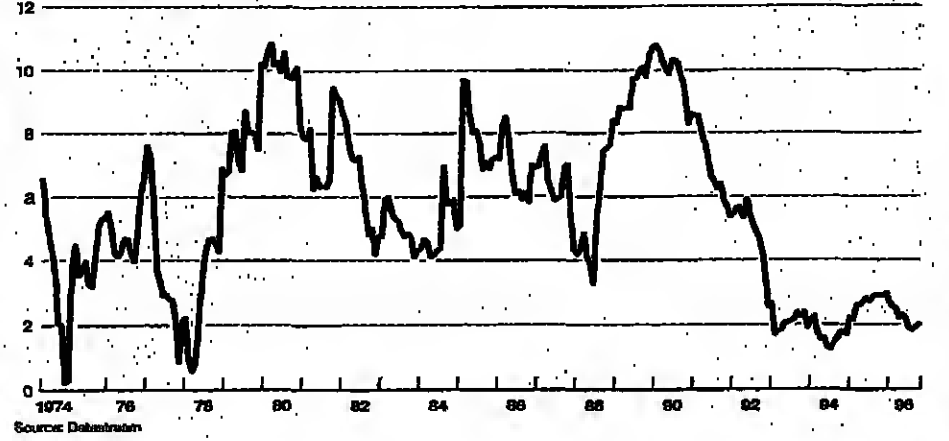
But a Democratic sweep in Tuesday's presidential and congressional elections could yet unsettle the US market, with investors assuming that the impetus behind moves to cut government spending - and, therefore, the Budget deficit - would disappear.

Meanwhile, there were further indications this week that German interest rates are unlikely to be cut any further. All told (and despite the French sneaking in a small cut in their rates this week), the phase of global interest rate declines could be coming to an end.

Low interest rates had provided the fuel for the global bull market. So the going could start to get tougher for investors from now on.

No great need to dash for cash

Base rate minus yield on the FTSE All-Share Index



Highlights of the week

	Price	Change	52 week	52 week	
	Today	on Week	High	Low	
FTSE 100 Index	3948.5	-73.9	4073.1	3500.4	Rate rise surprise
FTSE 250 Index	4429.2	-2.3	4568.6	3887.7	Bids offset rate rise
Asda Group	117 1/4	+4	122	95	UBS profits upgrade
BAA	504 1/2	-25	556	447	Tax bill fears
Boots	821	-21 1/2	851 1/2	534	Concerns over competition
Dixons Group	546 1/2	-22	587 1/2	385	'Take profits' recommendation
Eadie Hedges	12 1/2	-6	37	11 1/2	Profit warning
Northern Electric	681	+111	724	484	CE Electric bids
PowerGen	519	-31 1/2	625	462	UBS recommendation
RIMC Group	1976 1/2	-5 1/2	1987 1/2	823	Concern over German economy
Reckitt & Colman	709	-23	738 1/2	617	Worries over sterling
Redland	419	-19	476 1/2	322	Concern over German economy
Thames Water	557 1/2	+20	589	514	Figures
Waco Group	68 1/2	-66	284	68 1/2	Profit warning



Barry Riley

Banking's thriving dinosaurs

But why is competition in the high street so ineffective?

Here is the mystery of the retail banks.

They are lumbering dinosaurs liable soon to be rendered extinct by revolutionary technology, just as a pulverising comet plunging earthwards is supposed to have finished off their reptilian forebears 65m years ago. And yet their stock market value has risen to astonishing levels.

Thus the FTSE Actuaries retail banks sector index has tripled during the past four years. At its recent peak the Barclays price had doubled in two years. The high values provide an unflattering explanation for the undignified rush by building societies such as Halifax, Woolwich and Alliance & Leicester to convert into banks and list their shares. Their managements favour complex, business-related justifications, but the pull of the money is powerful.

Halifax promises the same. Retail banks, by value, now represent 11 per cent of the London stock market.

To that will be added Halifax (worth about 1 per cent of the FTSE All-Share) and the others next year. Bankers, if you allow them, will spin a tear-jerking story of cut-throat competition and a landscape that is ruinously "overbanked". The facts speak differently. Margins have been widening - Alliance & Leicester's net interest margin rose sharply to a new peak in the first half of 1996 - and the return on equity capital is commonly 20 to 25 per cent.

It has always been true that retail banks compete only at the fringes of their business. Their customers are notoriously passive, ill-informed and reluctant to move. New business might be competitive - hence the noisy prevalence of special mortgage offers - but the big, longer-term blocks of established business can be milked for high margins.

Interesting to see if building society savers get a sniff of this week's 0.25 per cent base rate rise: not any time soon, it seems. Should the Monopolies Commission be hauled in to study the reasons why competition is so ineffective in retail banking? Of course, 25 per cent statutory

There is an enormous opportunity for new entrants to spoil this lucrative game

monopolies, as such, are hard to pin down: even Halifax has no more than a 17 per cent share of the mortgage market. In any case, the government has every vote-grabbing reason, for now, to favour the high profits that can generate 1997's big building society share bonuses.

on which they cannot make an adequate return. It seems perverse, though, that banks should be returning capital on which they are earning upwards of 20 per cent. Surely they should be raising extra capital.

The tactics make sense, however. If the managers regard themselves as defending limited zones of monopoly power and retreating from more competitive areas. There is a strong clue here in the way that the gains from implementation of technology are mostly accruing to shareholders rather than being passed on to the customers or the long-suffering employees.

The banks and building societies thus appear to represent a kind of extreme case of the corporate governance feedback spiral that is threatening the UK's ability to grow: shareholder value is seen to be increased when companies shrink and defend localised market power, rather than when they expand and compete on the open market.

There is an enormous entrepreneurial opportunity here for new entrants prepared to spoil this lucrative game. Supermarket chains like Tesco and Sainsbury certainly sense an opening. Telephone banks multiply. Or is there another twist

In this mystery tale? Is it that the banks are taking risks which are not understood, certainly not by themselves? Only this week, the Bank of England's new anonymous columnist "Prudence" warned (in the first, £10 issue of the *Financial Stability Review*) that it is just at this point in the cycle that excess capital and fat profits tend to set off a ruinous lending binge. We know, though, that central banks much prefer that banks should profit prudently than that they should engage in risky competition.

Meanwhile the stock market analysts, in seeking to justify share prices of around double shareholders' funds, argue that the old days of lending-like lending policies have been left behind in favour of rigorous risk control. But margins have widened so much that the suspicion remains that significant risks are being incurred - possibly in the securities markets, where banks are lending heavily to hedge funds and other exotic operators with an uncertain ability to survive the next market crisis. Consumer credit, too, is surging.

But if there is a dark shadow in the sky the banking dinosaurs are too busy grazing the lush high street pastures to notice.

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